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OFFICE OF MAYOR
ART AGNOS



BOARD OF SUPERVISORS
DORIS WARD, PRESIDENT

August 15, 1991

TO: San Francisco Delegation
FROM: Hellan R. Dowden *HRD*
RE: Legislation of Special Interest to San Francisco

As the last few weeks of the legislative year approach, I thought it might be helpful to bring to your attention some of the issues important to San Francisco that are still before the Legislature.

Attached are three lists. The first is a list of San Francisco-sponsored bills and where they are in the process. The second is a list of bills we oppose or hope to see amended so we can withdraw our opposition. And third, there is a list of bills we have taken a position to actively support. You will also find attached a list of outstanding health issues on realignment that needs to be placed in clean-up legislation.

I am working on a list of park and recreation projects that were deleted from the Budget and we would like to see placed in Bond legislation or Budget clean-up legislation. That list will be sent under separate cover.

If we have missed anything, please let us know. If you would like further information, feel free to call our office.

cc: Mayor Art Agnos
San Francisco Board of Supervisors
State Legislation Committee

August 15, 1991

San Francisco-Sponsored Legislation

AB 271 (Speier) -- Changes the County Transportation Allocation formula to include rail miles as well as highway miles in the formula for distributing rail transit and highway dollars. \$2.9 million for San Francisco per five year period.

Location: Senate Appropriations, 29 August.

AB 1001 (Brown) -- Allows the use of General Obligation Bonds to provide loans for seismically upgrading private buildings upon a 2/3 vote of jurisdiction.

Location: Senate Floor (will be brought up for amendments).

AB 1547 (Mays) -- Adds local correctional facilities to the list of institutions that are exempt from paying sales tax on food served in jails and provided by outside contractors. \$185,000 per year savings to San Francisco.

Location: Senate Appropriations, 19 August.

AB 1755 (Speier) -- Would allow San Francisco City Attorney to bring nuisance abatement actions. Bill may be amended to add in Ab 930 relating to a pilot project in San Francisco and Stanislaus counties on the use of small claims court.

Location: Senate Judiciary, 20 August.

AB 1756 (Speier) -- Requires County recorders' office to keep records of housing that is substandard and therefore ineligible for income tax deductions so information is available to buyer at time of escrow.

Location: 28.8 from Appropriations -- to Senate Floor.

SB 181 (Kopp) -- Transfers land for Embarcadero Freeway. Amended to include language on Central Freeway.

Location: Assembly Transportation, 19 August.

SB 498 (Marks) -- Pilot Project for San Francisco to use In-Home Supportive Services funds to help elderly relatives caring for substance-exposed infants.

Location: Ways and Means.

SB 910 (McCorquodale) -- Enables counties on a voluntary basis to gain federal matching funds for either 50% or 75% of cost of targeted case management services in public health programs. Would mean \$50 to 70 million statewide per year in federal funds or \$2 to \$3 million per year in San Francisco if enacted.

Location: Ways and Means, 21 August.

SB 1026 (Marks) -- Allows San Francisco to use redevelopment funds for homeless shelters outside of a redevelopment area.

Location: 3rd reading. Assembly Floor.

SB 1183 (Marks) -- State Lands Commission land transfers.

Location: Consent Calendar, Assembly Floor.

Legislation Opposed By San Francisco

AB 376 (Hill-Felando) -- Pre-empts local ordinances that address the distribution and tobacco and smoking in public places and the workplace.

Location: Ways and Means, 21 August.

SB 959 (Presley) -- Would require urban water users to fund the clean-up of rural water sources. Agricultural users would not be charged for clean-up.

Location: Water Parks and Wildlife, 20 August.

AB 1417 (Friedman) -- Requires administrative hearing when any punitive action is contemplated against a public safety officer. Exempts actions brought through citizens complaints.

Location: Senate Judiciary, 20 August.

Legislation Actively Supported by San Francisco

ASSEMBLY BILLS

AB 72 (Cortese) -- Park Bonds - will contain San Francisco projects.

Location: Assembly Floor.

AB 77 (Moore) -- Requires that family or parental leave be offered by companies employing more than twenty-five workers.

Location: Senate Floor.

AB 101 (Friedman) -- Covers gay men and lesbians under the Fair Employment and Housing Act.

Location: Appropriations, 19 August.

AB 114 (Hauser) -- Permits the California Housing Fund to issue rehabilitation loan loss guarantees. This would thus delete a current conflict between local agencies and the Housing Finance Agency. The bill also authorizes coverage guarantees for seismic upgrades.

Location: Appropriations, 19 August.

AB 315 (Friedman) -- Strengthens requirement the Redevelopment Agencies use their funds for low- and moderate-income housing.

Location: Appropriation, 19 August.

AB 333 (Bronzan) -- Uses federal funds to expend and implement comprehensive health services programs for children.

Location: Appropriations, 19 August.

AB 390 (Speier) -- Provides residential drug or alcohol treatment through Medi-Cal for pregnant substance abusers.

Location: Appropriation, 19 August.

AB 840 (Hannigan) -- Requires state to obtain additional federal funds where available for social service programs.

Location: Appropriations, 19 August.

AB 1643 (Speier) -- Asks for the Department of Health Services to issue guidelines for the use of reclaimed water.

Location: Senate Ag. and Water, 20 August.

AB 1872 (Brown) -- Would direct additional funds from beverage recycling to urban and state Conservation Corps programs.

Location: Senate Natural Resources, 20 August.

AB 2090 (Katz) -- Allows urban water suppliers to purchase water directly from farmers.

Location: Senate Ag. and Water, 20 August.

SENATE BILLS

SB 65 (Kopp) -- Allows traffic officers in juvenile court to hear issues relating to graffiti abatement.

Location: Ways and Means, 21 August.

SB 111 (Torres) -- Provides funding for pilot projects (one in San Francisco) for child care services for children living in homeless shelters. Funds are from new federal child care monies.

Location: Ways and Means.

SB 210 (Kopp) -- Increases toll on Bay Area bridges with the funds generated available for various transit projects in San Francisco.

Location: Ways and Means, 21 August.

SB 1257 (Roberti) -- Prevents arbitrary discrimination while allowing businesses to promulgate reasonable regulations and be in compliance with the Unruh Civil Rights Act.

Location: Assembly Judiciary, 21 August.



MEMORANDUM

DATE: August 14, 1991

TO: Hellan Dowden, San Francisco Legislative Advocate

FROM: Jean Nudelman, Legislative Planner *jn*

RE: Clean-up for Realignment (AB 1288)

The following issues have been developed by San Francisco as needing clarification in this session's clean-up legislation to AB 1288.

General revenue flow questions:

1. When will the revenue streams begin?
2. What are realistic revenue projections?
3. Can the funds be spent on capital equipment, debt service, etc.?
4. Can the funds be rolled over, or must they be spent in the year received?

The questions below are related to specific language in the bill which requires clarification or changes. Page numbers refer to the chaptered version of AB 1288, Chapter 89.

1. DEFINITION OF BASE COUNTY MATCH: The first year county match requirements are described in S. 17608, p. 132. As a condition of receiving sales tax funds, counties are required to make monthly deposits based on the schedule on pages 132-133. San Francisco's contribution is listed as \$97,716,902, which equals the county's 1991-92 AB 8 match + county's allocation of MISP + county's allocation of \$100 million MISP + county's allocation of SLIAG + county's AB 8 match LESS county's share of \$172 million sales tax revenues = \$97,716,902. Another way of understanding the match is that it equals the anticipated VLF revenues for San Francisco plus AB 8 county match (\$58,353,826 + 39,363,076).

- This schedule must be changed in clean-up legislation, to be consistent with DHS's new chart which reallocates the \$110 million MISP/SLIAG.
- To clarify the requirements for county match, the elements that make up the county's matching requirements should be explicitly stated, in addition to a schedule listing counties' match requirements.

2. MENTAL HEALTH ALLOCATION: The schedule which lists county percentage share of total mental health funds (S. 17601(a), p. 117) appears to be incorrect, and contradicts the total mental health allocation which San Francisco received in the allocation letter from the Department of Mental Health. The DMH allocation letter allocates a statewide total of \$525.5

million for community mental health services resource base, whereas the total realigned community mental health is only \$448.6 million. For San Francisco, the allocation letter described the total resource base as \$39,134,517, compared to the schedule which equals \$34,448,079.

3. COUNTY MATCH: S. 17608, 17608.05, 17608.10 (p. 132-133) describe the base county match which counties must contribute on a monthly basis to gain access to Sales Tax revenues.

- Counties are responsible for contributing a set amount which equals anticipated VLF revenues plus county 1991-92 AB 8 match. Counties are therefore required to allocate general funds in accordance with anticipated VLF growth, regardless of the actual amount of VLF growth.

4. GAINING ACCESS TO VLF GROWTH: Although the VLF growth account is defined at the State level on page 124, S. 17604(b), there is no description of how counties gain access to the VLF growth.

- How do counties gain access to the VLF growth?
- The allocation of VLF on p. 132, S. 17606.20 sets up an algebraic equation of $VLF = \frac{\text{the proportion of each county's total allocation from Sales Tax Growth}}{\text{the sum of the deposits to the Sales Tax + VLF Accounts in the state Local Revenue Fund}}$. This equation requires clarification: How does this relate to the VLF allocation schedule in S. 17604(a)?

5. MENTAL HEALTH LANGUAGE:

- 1) Page 75, S. 5701(a) and (b) are almost identical to the Seymour language from W&I S. 5600. This was the language that was litigated in the San Diego mental health case. This language requires "progress toward equity" in an allocations on an ongoing basis. In light of realignment, these two sections should be deleted. Additionally, subsection (b) should be deleted. S. 5701(b) gives the Director of Mental Health the discretion during budget cuts to allocate those cuts according to equity issues.
- 2) Page 75, S. 5701(c) is the new equity language, which is more consistent with the current context of realignment. It is clearly inconsistent with sections 5701(a) and (b).
- 3) "Total resources" for mental health is defined on page 76, S. 5701(d). However, that phrase is not used in the statute. It needs to be clarified and should specify whether or not it includes IMDs.
- 4) Page 118, S. 17601(b)(1) requires counties to pay one-twelfth of their State hospital bed allocation for their current state hospital beds. However, if counties sell beds under Chapter 1341 (which San Francisco will be during FY 1991), there is no provision in this section to reduce that dollar amount to reflect the reduced number of beds that counties will be purchasing. This schedule must be changed to reflect beds sold back to the State.
- 5) Additionally, if counties do not ultimately have access to all of the beds that they are paying for under this schedule, there should be a provision for credit or reimbursement.

6. EXPENDITURE REQUIREMENTS FOR "EQUITY" ACCOUNTS: There are no requirements that funds in Sales Tax Growth Subaccount for Equity be spent in the program area, eg. Indigent,, Community Health, etc. Since the basis of receiving the funds was to improve access to needed services in the specific program areas, additional clarification needs to be made to ensure that the "equity" funds are expended to improve appropriate services.

7. INADVERTENT REALIGNMENT OF OUT-OF-HOME PLACEMENT COMPONENT OF THE AB 3632 SED PROGRAM: Although the legislature made a policy decision not to realign the AB 3632 program for SED children, the social services realignment legislation included only the social services component of the program. It appears that the separation of mental health and social services component in realignment was a mistake.

8. MOVEMENT BETWEEN ACCOUNTS: S. 17600.20 (a) and (b), page 202, allow counties to reallocate up to 20% plus all revenue growth from the health account to the social services account. Counties may transfer up to 10% of the mental health account from the mental health account.

- Our concern is that case load growth of mandated social services programs is likely to result in substantial underfunding of indigent and public health services. The MISP program is transferred to counties at a severely underfunded level: the total program is funded at \$232 million, and is estimated to cost between \$800 million and \$1 billion.

I understand that the mental health account is capped at 10% because of the potential of losing federal ADMHA funds, as the state must maintain its existing expenditures for mental health and substance abuse services. We are undertaking an analysis of the potential for social services caseload growth to grow beyond the realigned base, and comparing the growth to indigent and public health programs. We do not yet have a solution, but want to flag this as a cause for concern.

9. DISTRIBUTION OF THE \$29 MILLION SHORTFALL IN SALES TAX FUNDS: There appears to be at least a \$29 million shortfall in realignment revenue, as the sales tax was implemented two weeks late. I do not know of any discussion which has occurred yet about distributing the shortfall. I recommend that :

- The shortfall should be distributed according to counties, according to the schedule on page 219 S. 17606.10, which describes the distribution of all realigned resources.
- At the county level, the shortfall should be distributed among accounts in county trust funds according to the allocation of sales tax revenues described in S. 17600.15 (a).

I am available to discuss these concerns and am happy to participate in technical committees which are formed to address clean-up legislation for realignment.

cc: Susan Ehrlich
Sam Yockey



DOCUMENTS DEPT

1991

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September 20, 1991

TO: SLC Members and Departmental Coordinators

FROM: Hellan R. Dowden 

RE: 4 October SLC Meeting -- Legislation Review

I have attached a printout of all the San Francisco-sponsored bills and their fate. Most are on the Governor's desk. The Governor has 30 days to sign measures that went to enrollment the last two days of the session. The last day to sign or veto bills is October 13. Thanks so much to everyone who helped to make sure these measures successfully made it through the legislative process.

SLC voting members will find a list of all bills where positions were taken during the year. If any department would like a list of bills with their outcome, let us know and we will send it out to you.

Also, you might begin thinking about legislation for next year (already??) and setting aside some time when I can meet with your department or commission on their legislative priorities.

State Net training is another area that I would like to address. If your department or commission would like the service and has the proper equipment, i.e., computer, printer, modem and software, it's easy to put you on line. For those already on State Net, attached is a list of training dates if you would like to improve your computer literacy.

See you on the 4th.

0/91

S.F. LEGISLATION FOLLOWED FOR 1991

Page 1
File SF811291

B 271

AUTHOR: Speier
TITLE: Transportation: transit capital improvements
INTRODUCED: 01/18/91
LAST AMEND: 06/24/91
LOCATION: To enrollment

SUMMARY:

Provides, for the purposes of making specified allocations for transportation construction purposes allocated for expenditure within counties in each county group based on a formula, the amount calculated pursuant to the sum of state highway miles and exclusive public mass transit guideway miles in the county. These provisions would become operative on July 1, 1991.

STATUS:

09/13/91 In ASSEMBLY. ASSEMBLY concurred in SENATE amendments. To enrollment.

Department: PUC

Position:

PosLetter: AssyTrans 02/13/91, AssyW&M 04/26/91, SenTrans 06/24/91
SenApprop 8/29/91, SenFloor 4/2/91, SenFloor 4/3/91

3/91

B 760

AUTHOR: Bates
TITLE: Minors:specialized health care needs
INTRODUCED: 02/26/91
LAST AMEND: 09/03/91
LOCATION: To enrollment

SUMMARY:

Requires that the facility be in the licensee's family residence; permits the small family home to accept children with special health care needs; defines "specialized foster care home" as a licensed foster family home, a licensed small family home, or a certified license pending home and have been trained to provide specialized in-home health care to foster children; deletes provisions requiring that care render child dependent upon ongoing health care and assessment.

STATUS:

09/13/91 In ASSEMBLY. ASSEMBLY concurred in SENATE amendments. To enrollment.

Department: SocSvcs

Position:

PosLetter: AssyHumSvc 04/23/91

B 930

AUTHOR: Cannella
TITLE: Small claims court
INTRODUCED: 03/04/91
VETOED: 08/05/91
FILE: 23
LOCATION: Vetoes

SUMMARY:

Exempts City & County of San Francisco, County of Stanislaus, & specified local entities in those jurisdictions from law

prohibiting any person from filing more than 2 small claims actions of a specified amount of money any where in state in any calendar year; provides for transfer to municipal court of an action filed by those entities in small claims court in which the amount demanded exceeds a specified sum of money/ if defendant informs the court of legal counsel.

STATUS:
08/05/91 Vetoed by GOVERNOR.

Department: CityAtty

Position:

PosLetter: AssyJudic 04/01/91, AssyMembrs 04/12/91, SenJudic 05/23/91
SenMembers 7/11/91

1001

AUTHOR: Brown
TITLE: Municipal bonds
INTRODUCED: 03/04/91
LAST AMEND: 08/28/91
LOCATION: To enrollment

URGENCY

SUMMARY:

Expands the purposes for which counties & cities may issue bonds to include seismic strengthening of unreinforced buildings & other buildings. Permits the loan of the proceeds of these bonds to public entities or owners of private buildings for the seismic strengthening of buildings, subject to specified conditions, such as maintaining the number & level of rents of rental units for lower income households in a residential structure containing those units, & other engineering requirements.

STATUS:
09/13/91 In ASSEMBLY. ASSEMBLY concurred in SENATE amendments. To enrollment.

Department: MyrHousing

Position:

PosLetter: AssyL.Govt 04/10/91, SenApprop 06/27/91, SenLGovt 08/07/91

1078

AUTHOR: Bronzan
TITLE: Mental health: policy and planning
INTRODUCED: 03/05/91
LOCATION: Senate Health and Human Services Committee

SUMMARY:

Expresses the intent of the Legislature that the California Mental Health Master Plan be implemented by the provisions of the bill. Sets forth a philosophy of mental health policy and planning for the state, delineate the mission of the State Department of Mental Health in delivering mental health services.

STATUS:
05/30/91 To SENATE Committee on HEALTH AND HUMAN SERVICES.

Department: PublicHlth

Position:

PosLetter: AssyHealth 04/25/91

A AB 1547 AUTHOR: Mays
 TITLE: Sales and use taxes: exemptions: inmate meals.
 INTRODUCED: 03/07/91
 LOCATION: To Governor

SUMMARY:

Exempts from sales and use taxes the gross receipts from the sale of, and the storage, use, or other consumption in this state of, meals and food products for human consumption furnished or served to and consumed by inmates of any local detention center. Provides that no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

STATUS:
09/16/91 Enrolled. *****To GOVERNOR.

Department: CityAtty

Position:

PosLetter: AssyR&T 04/17/91, AssyW&M 05/14/91, SenR&T 07/10/91,
SenApprop 8/10/91

A AB 1755 AUTHOR: Speier
 TITLE: Court actions
 INTRODUCED: 03/08/91
 LAST AMEND: 09/11/91
 LOCATION: To enrollment

SUMMARY:

Provides that any city attorney of a city & county having a population of a specified amount of money, may prosecute specified actions to enforce unfair competition laws. Provides that a city attorney in any city & county, with the consent of the district attorney of the city & county, may also prosecute these actions. Makes related & conforming changes.

STATUS:
09/13/91 In SENATE. Read third time. Passed SENATE.
 *****To ASSEMBLY.
09/13/91 In ASSEMBLY. ASSEMBLY concurred in SENATE
 amendments. To enrollment.

Department: CityAtty

Position:

PosLetter: AssyJudic 04/25/91

A AB 1756 AUTHOR: Speier
 TITLE: Personal income tax deductions/substandard housing
 INTRODUCED: 03/08/91
 LAST AMEND: 05/14/91
 LOCATION: To enrollment

SUMMARY:

Requires a regulatory agency to record a specified notice of noncompliance containing specified information in the office of

9/20/91

Page 4
File SF811691

the recorder for the county in which the substandard housing is located at the same time as it notifies the Franchise Tax Board of the noncompliance. Permits the regulatory agency to charge the taxpayer a fee in an amount not to exceed the regulatory agency's costs incurred in recording any notice or issuing any release of that notice

STATUS:

08/30/91 In SENATE. Read third time. Passed SENATE.
*****To ASSEMBLY. To enrollment.

Department: CityAtty

Position:

PosLetter: AssyR&T 04/24/91, AssyW&M 05/20/91, SenR&T 08/13/91,
Gov 9/6

AUTHOR: Kopp
TITLE: Witnesses
INTRODUCED: 12/18/90
ENACTED: 07/27/91
CHAPTER: 230

SUMMARY:

Relates to existing law that grants district attorneys all the powers granted to the California Attorney General for the purpose of enforcing laws relating to unfair trade practices and restraint of trade. Provides that in any action or proceeding brought by the Attorney General or a district attorney for violation of laws relating to unfair trade practices & restraint of trade, no individual shall be prosecuted concerning any transaction, matter, or thing about which he/she testified.

STATUS:

07/27/91 Signed by GOVERNOR.

Department: CityAtty

Position:

PosLetter: AssyW&M 07/10/91, SenJudic 04/05/91, AssyJudic 06/12/91

AUTHOR: Marks
TITLE: In-home supportive services: provider selection
INTRODUCED: 02/26/91
LAST AMEND: 08/20/91
LOCATION: Assembly Ways and Means Committee

SUMMARY:

Requires the State Department of Social Services to conduct a demonstration program in 2 participating counties, including the City and County of San Francisco, until 1/1/94, to provide IHSS services to relatives who are 55 years of age or older, who are either a foster care provider or have been appointed as guardian by the court, who meet AFDC-FC eligibility requirements, and who cannot keep a child in their home unless IHSS services are provided.

STATUS:

08/29/91 In ASSEMBLY Committee on WAYS AND MEANS: Not heard.

Department: SocSvcs
Position:
PosLetter: AssyHumSvc 07/05/91, SenHealth 04/02/91

A SB 910

AUTHOR: McCorquodale
TITLE: Medi-Cal: targeted case management
INTRODUCED: 03/08/91
LAST AMEND: 09/11/91
LOCATION: To enrollment

URGENCY

SUMMARY:

States the findings and declarations of the Legislature regarding targeted case management, and would state the intent of the Legislature to provide for local government participation in the provision of targeted case management services with maximum possible federal financial participation. Authorizes the State Department of Health Services to adopt emergency regulations to implement the provisions of this bill.

STATUS:

09/13/91 In SENATE. Urgency clause adopted. SENATE concurred in ASSEMBLY amendments. To enrollment.

Department: PublicHlth

Position:

PosLetter: AssyHealth 06/25/91, SenApprop 05/03/91, SenHealth 04/15/91

A SB 969

AUTHOR: Alquist
TITLE: Public social service programs: AFDC
INTRODUCED: 03/08/91
LAST AMEND: 04/18/91
LOCATION: Senate Appropriations Committee

SUMMARY:

Requires, until 7/1/94, the State Department of Social Services to establish a pilot project, to be operated by a local public or private nonprofit organization pursuant to a contract with the department, to provide services to foster parents of children 2 years of age & under who have tested positive for antibodies to the human immunodeficiency virus (HIV), or who have been diagnosed as having AIDS, training & education for each new foster parent.

STATUS:

04/24/91 From SENATE Committee on HEALTH AND HUMAN SERVICES:
Do pass. Re-referred to Committee on APPROPRIATIONS.

Department: SocSvcs

Position:

PosLetter: SenHealth 04/23/91

9/20/91

Page 8
File SFE111191

A SB 1026

AUTHOR: Marks
TITLE: Community redevelopment
INTRODUCED: 03/08/91
LAST AMEND: 09/10/91
LOCATION: To enrollment

URGENCY

SUMMARY:

Expresses the finding & declaration of the Legislature that a special law is necessary & that a general law cannot be made applicable within the meaning of the California Constitution because of unique, specified circumstances relating to redevelopment in, respectively, the City & County of San Francisco & the City of Dunsmuir & the County of Siskiyou. Declares that it is to take effect immediately as an urgency statute.

STATUS:

09/12/91 In SENATE. Urgency clause adopted. SENATE concurred in ASSEMBLY amendments. To enrollment.

Department: Redvlpment

Position:

PosLetter: SenLGovt 05/08/91, AssyHousng 07/05/91, Gov 08/06/91

A SB 1183

AUTHOR: Marks
TITLE: San Francisco Harbor: lands
INTRODUCED: 03/08/91
LAST AMEND: 09/03/91
LOCATION: To enrollment

URGENCY

SUMMARY:

Authorizes the State Lands Commission to grant to the City & County of San Francisco filled tidelands & submerged lands within the Mission Bay Development Area for the purpose of effectuating specified exchanges of lands between the city & county & private property owners to promote public trust uses in accordance with the Mission Bay Specific Plan adopted by the city & county.

STATUS:

09/12/91 In SENATE. Urgency clause adopted. SENATE concurred in ASSEMBLY amendments. To enrollment.

Department: CityAtty

Position:

PosLetter: SenGovOrg 05/15/91, Gov 09/06/91

END OF REPORT

SAN FRANCISCO SPONSORED LEGISLATION - 1991

- BILL NUMBER	DEPARTMENT	ASSEMBLY POLICY COMMITTEE	WAYS AND MEANS	ASSEMBLY FLOOR 3RD READING	SENATE POLICY COMMITTEE	APPROPRIATIONS	SENATE FLOOR 3RD READING	GOVERNOR
AB 271 (Speier) Transportation:	PUC Transit Capital	Transportation 4/8 Do Pass As Amended Improvements	5/13 Passed to 3rd Reading 14-7	5/28/91 Do Pass 42-22	Transportation 7/18	Aug. 29		
AB 760 (Bates) Special Needs Children	Social Services	Human Svcs 5/2 Do Pass	Suspense 6/24 Do Pass	3rd Reading Passed to Senate 46-29	Health 7/17			
AB 930 (Cannella) Small Claims Court	City Attorney	Judiciary 4/10 Do Pass 9-1		4/18 Do Pass 68-2	Judiciary 6/18 Do Pass 8-1		3rd Reading Passed 25-6	Veto - amend into AB 1755
AB 1001 (W. Brown) General Obligation Bonds	Mayor/Housing	Local Govt. 5/1 Do Pass 8-0 Bnkg & Fin 5/7 Do Pass 13-0		5/29 Passed to Senate	Local Govt. 6/19 Do Pass to Consent	7/15 Bonded In- debtedness Sub. & Standing Comm. Do Pass	3rd Reading	
AB 1078 (Bronzan) Mental Health Funding	Health	Health 5/22 Do Pass 23-0		5/24 Passed to Senate 62-3	Health			Folded into SB 1288 Realignment - Gov. desk
AB 1547 (Mays) Jail Food Tax Exemption	City Attorney/ Sheriff	Rev. & Tax 5/6 Do Pass 10-0	Suspense Do Pass	3rd Reading Passed 72-0	Rev. & Tax 7/17 Do Pass 9-0	Aug. 19		
AB 1755 (Speier) Nuisance Abatement	City Attorney	Judiciary 5/8 Do Pass 6-1		5/24 Do Pass 53-13	Judiciary 8/20			
AB 1756 (Speier) Franchise Tax Board	City Attorney	Rev. & Tax 5/13 Do Pass as Am. 11-0	6/18 Passed to consent calendar	6/18 Passed on consent 77-0	Rev & Tax 7/17 Consent 9-0	Aug. 19 28.8		
SB 109 (Kopp) Witness Fees	City Attorney	Judiciary 6/18 Do Pass to consent	On Consent	Special Consent 7/15 Passed	Judiciary 4/9 Do Pass As Amended 8-0	28.2 out of comm. (non fiscal)	5/30 Passed to Assembly 36-0	Chapt. 230
SB 498 (Marks) IHSS funds for grandparents of special needs children	Social Services	Human Svcs. 7/10 Do Pass 4-1	Ways & Means		Health 4/10 Do Pass As Amended 6-0	5/22 Do Pass as Am. 8-3	3rd Reading Passed to Assembly 21-10	
SB 910 (McCorquodale) Case Management	Health	Health 7/9 Do Pass	Aug. 21		Health 4/30 Do Pass 8-0	5/8 Do-Pass as Am. 8-1	5/30 3rd Reading Passed 38-0	
SB 969 (Alquist) Baby-Moms	Social Services				Health 4/24 Do Pass 8-0			2-Year Bill
SB 1026 (Marks) Community Redevelopment	Redevelopment	Housing 7/17 Do Pass		3rd Reading	Local Govt. 5/15 Do Pass as Am. 5-0		5/30 Passed to Assembly 36-0	
SB 1183 (Marks)	City Attorney	Natural Res. 7/15 Consent - Do Pass			Gov. Org. 5/21 Do Pass 2-0		3rd Reading Passed 36-0	

SAN FRANCISCO SPONSORED LEGISLATION - 1991

- BILL NUMBER	DEPARTMENT	ASSEMBLY POLICY COMMITTEE	WAYS AND MEANS	ASSEMBLY FLOOR 3RD READING	SENATE POLICY COMMITTEE	APPROPRIATIONS	SENATE FLOOR 3RD READING	GOVERNOR
AB 271 (Speier) Transportation:	PUC Transit Capital	Transportation 4/8 Do Pass As Amended Improvements	5/13 Passed to 3rd Reading 14-7	5/28/91 Do Pass 42-22 Concur. 47-27	Transportation 7/18	Aug. 29 10-1	9/5/91 Vote: 22-9	*To Gov.
AB 760 (Bates) Special Needs Children	Social Services	Human Svcs 5/2 Do Pass	Suspense 6/24 Do Pass	3rd Reading Passed to Senate 46-29	Health 7/17			No longer S.F. bill (To Gov.)
AB 930 (Cannella) Small Claims Court	City Attorney	Judiciary 4/10 Do Pass 9-1		4/18 Do Pass 68-2	Judiciary 6/18 Do Pass 8-1		3rd Reading Passed 25-6	Veto - amended into AB 1755 - To Gov.
AB 1001 (W.Brown) General Obligation Bonds	Mayor/Housing	Local Govt. 5/1 Do Pass 8-0 Bnkg & Fin 5/7 Do Pass 13-0		5/29 ⁷²⁻¹ Passed to Senate 76-2 Concurrence 9/12	Local Govt. 6/19 Do Pass to Consent	7/15 Bonded In- debtedness Sub. & Standing Comm. Do Pass	3rd Reading Vote 38-0	*To Gov.
AB 1078 (Bronzan) Mental Health Funding	Health	Health 5/22 Do Pass 23-0		5/24 Passed to Senate 62-3	Health			Folded into AB 1288 Realignment - Chapt. 89
AB 1547 (Mays) Jail Food Tax Exemption	City Attorney/ Sheriff	Rev. & Tax 5/6 Do Pass 10-0	Suspense Do Pass	3rd Reading Passed 72-0	Rev. & Tax 7/17 Do Pass 9-0	Aug. 19-Suspense 9/4--10-0	32-0	*To Gov.
AB 1755 (Speier) Nuisance Abatement	City Attorney	Judiciary 5/8 Do Pass 6-1		5/24 Do Pass 53-13 Concur. 67-2	Judiciary 8/20	Consent	38-0	*To Gov.
AB 1756 (Speier) Franchise Tax Board	City Attorney	Rev. & Tax 5/13 Do Pass as Am. 11-0	6/18 Passed to consent calendar	6/18 Passed on consent 77-0	Rev & Tax 7/17 Consent 9-0	Aug. 19 28.8	Consent 39-0	*To Gov.
SB 109 (Kopp) Witness Fees	City Attorney	Judiciary 6/18 Do Pass to consent	On Consent	Special Consent 7/15 Passed	Judiciary 4/9 Do Pass As Amended 8-0	28.2 out of comm (non fiscal)	5/30 Passed to Assembly 36-0	Chapt. 230
SB 498 (Marks) IHSS funds for grandparents of special needs children	Social Services	Human Svcs. 7/10 Do Pass 4-1	Ways & Means		Health 4/10 Do Pass As Amended 6-0	5/22 Do Pass as Am. 8-3	3rd Reading Passed to Assembly 21-10	2-Year bill
SB 910 (McCorquodale) Case Management	Health	Health 7/9 Do Pass	Aug. 21	Consent-taken off for amends. 8/28 68-0	Health 4/30 Do Pass 8-0	5/8 Do-Pass as Am. 8-1	5/30 3rd Reading Passed 38-0	*To Gov.
SB 969 (Alquist) Baby-Moms	Social Services				Health 4/24 Do Pass 8-0			2-Year Bill
SB 1026 (Marks) Community Redevelopment	Redevelopment	Housing 7/17 Do Pass		3rd Reading ⁶²⁻⁶ Vote rescinded- amends added	Local Govt. 5/15 Do Pass as Am. 5-0		5/30 Passed to Assembly 36-0	*To Gov.
SB 1183 (Marks) Land Transfers	City Attorney	Natural Res. 7/15 Consent - Do Pass as Amended	Consent	Consent	Gov. Org. 5/21 Do Pass 9-0		3rd Reading Passed 36-0 Concurrence	*To Gov.

SAN FRANCISCO SPONSORED LEGISLATION - 1991

- BILL NUMBER	DEPARTMENT	ASSEMBLY POLICY COMMITTEE	WAYS AND MEANS	ASSEMBLY FLOOR 3RD READING	SENATE POLICY COMMITTEE	APPROPRIATIONS	SENATE FLOOR 3RD READING	GOVERNOR
AB 271 (Speier) Transportation:	PUC Transit Capital	Transportation 4/8 Do Pass As Amended Improvements	5/13 Passed to 3rd Reading 14-7	5/28/91 Do Pass 42-22	Transportation 7/2			
AB 760 (Bates) Special Needs Children	Social Services	Human Svcs 5/2 Do Pass	Suspense 6/24 Do Pass	3rd Reading				
AB 930 (Cannella) Small Claims Court	City Attorney	Judiciary 4/10 Do Pass 9-1		4/18 Do Pass 68-2	Judiciary 6/18 Do Pass 8-1		3rd Reading	
AB 1001 (W.Brown) General Obligation Bonds	Mayor/Housing	Local Govt. 5/1 Do Pass 8-0 Bnkg & Fin 5/7 Do Pass 13-0		5/29 Passed to Senate	Local Govt. 6/19 Do Pass to Consent	Consent 7/1		
AB 1078 (Bronzan) Mental Health Funding	Health	Health 5/22 Do Pass 23-0		5/24 Passed to Senate 62-3	Health			Folded into SB 1288 Realignment - Gov. desk
AB 1547 (Mays) Jail Food Tax Exemption	City Attorney/ Sheriff	Rev. & Tax 5/6 Do Pass 10-0	Suspense Do Pass	3rd Reading				
AB 1755 (Speier) Nuisance Abatement	City Attorney	Judiciary 5/8 Do Pass 6-1		5/24 Do Pass 53-13	Judiciary			
AB 1756 (Speier) Franchise Tax Board	City Attorney	Rev. & Tax 5/13 Do Pass as Am. 11-0	6/18 Passed to consent calendar	6/18 Passed on consent 77-0	Rev & Tax 7/3			
SB 109 (Kopp) Witness Fees	City Attorney	Judiciary 6/18 Do Pass to consent	On Consent		Judiciary 4/9 Do Pass As Amended 8-0	28.2 out of comm (non fiscal)	5/30 Passed to Assembly 36-0	
SB 498 (Marks) IHSS funds for grandparents of special needs children	Social Services	Human Svcs. 7/10			Health 4/10 Do Pass As Amended 6-0	5/22 Do Pass as Am. 8-3	3rd Reading Passed to Assembly 21-10	
SB 910 (McCorquodale) Case Management	Health	Health 7/2			Health 4/30 Do Pass 8-0	5/8 Do-Pass as Am. 8-1	5/30 3rd Reading Passed 38-0	
SB 969 (Alquist) Baby-Moms	Social Services				Health 4/24 Do Pass 8-0			2-Year Bill
SB 1026 (Marks) Community Redevelopment	Redevelopment	Housing 7/3			Local Govt. 5/15 Do Pass as Am. 5-0		5/30 Passed to Assembly 36-0	
SB 1183 (Marks) Land Transfers	City Attorney	Natural Res. 7/15			Gov. Org. 5/21 Do Pass 9-0		3rd Reading Passed 36-0	

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FRANK M. JORDAN
Mayor



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President

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SF "State Legislative Representative"
Legislative Report

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APR 26 1994

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April 21, 1994

TO: Honorable Frank Jordan, Mayor
Honorable Angela Alioto, President and Members,
S.F. Board of Supervisors

FROM: Margaret Kislich

RE: Updates on Various State Issues

Update on Sponsored Bills

- SB 1995 (Marks): Increased Penalties for Running Red Lights: The bill had its first hearing last week, before the Senate Judiciary Committee. We had some difficulty getting the bill out of the committee; the Senators prefer a uniform, Statewide traffic fine system and do not like raising fines in any case. However, the testimony presented by Dorothy Longthorpe of the Senior Action Network was very effective and the bill passed out of committee with one amendment; it is limited to the City and County of San Francisco.

We expect much more difficulty when the bill reaches the Appropriations Committee, since it may have a Statewide cost impact.

- SB 1590 (Roberti): Wrap Around Insurance to Reduce City Construction Costs and Increase Participation by MBE/WBEs: The bill was heard by the Senate Local Government Committee last week. It was opposed by the Association of General Contractors. Senator Kopp was a strong advocate in favor of broadening the bill Statewide, and it passed out unanimously. It has also passed off of the Senate floor with only three "no" votes. The next hearing, however, will be more difficult. It is before the Assembly 899y Local Government Committee, and we expect increased opposition.

- ABX 95 (Burton): Stalking: Pending before the Assembly.
- ABX 37 (Burton, W. Brown): Local Control of Semi-Assault and Assault Weapons: Pending before the Assembly Ways and Means Committee.
- SB 1378 (Kopp): Impoundment of Vehicles for Fraudulent Use of Disabled Parking Placards: This bill has passed the Senate and is pending before the Assembly Transportation Committee.
- SB 1726 (Kopp): Property Tax Notification: This bill passed unanimously out of the Senate Revenue and Taxation Committee and is now pending before the Senate Appropriations Committee.
- AB 2755 (Lee): Managed Care: This bill provides for the MediCal managed care systems in Alameda and San Francisco Counties. At present, it is a "spot" bill for us; we will incorporate our language once it has been approved by the Board of Supervisors.
- AB 2937 (Cannella): Small Claims Court; extension of cost-saving pilot project: This bill has not yet been heard. We expect some opposition.
- AJR (W. Brown) - Presidio: The Speaker is authoring a resolution supporting the establishment of a Presidio National Park. It has not yet been heard.
- SB 1048 (Watson) - Needle Exchange: As you know, this bill has passed the Senate. It has not yet been heard in the Assembly.

Update on Other Key Bills

- SB 1364 (Marks): Medicinal Use of Marijuana: This bill will have its first hearing before the Senate Judiciary Committee in early May.
- HIV Testing: To date, none of the variety of bills that have been heard on this issue have passed out of committee. We have been opposing them at each hearing.
- Local Control of Retail Liquor Establishments: The Assembly Government Operations Committee passed AB 2742 (Lee); has not passed AB 2698 (Tucker); and has not yet heard AB 3330 (Bates). All are bills that San Francisco supports. The bill sponsored by the retail liquor industry, which would preempt local control, has not yet been heard and may not pass out of its initial committee. Note that the Bates bill (AB 3330) may be amended so that it applied only to Alameda County; and

that Assemblyman Caldera has proposed AB 2897; a summary is attached.

- Needle Exchange: Assemblywoman Bronshvag's AB 2610, which would allow needle exchange programs at local option (i.e., broader than our previous bills) has passed out of the Assembly Health Committee.
- Rent Control: AB 1320 (Costa) is pending before the Assembly Judiciary Committee; AB 3585 (Ferguson) is pending before the Assembly Ways and Means Committee. Both are opposed by San Francisco and would restrict our current rent control ordinance. I will keep you advised of their progress, and continue to work to oppose them.

BUDGET

Maintenance of Effort

The Statewide unions representing law enforcement personnel have been pushing strongly for a "maintenance of effort" provision on cities' and counties' use of Prop. 172 sales tax funds. Essentially, they want a guarantee that all of the proceeds of the half cent sales tax (enacted last November) will be used to fund law enforcement activities at a level at least equal to that applied prior to enactment of Prop. 172. This is a problem for several counties because the Prop. 172 proceeds were far less than the loss of funds due to the several years of property tax shifts.

Assemblyman Mountjoy has introduced a bill that requires that the Prop. 172 sales tax monies be used to supplement FY 1991/92 law enforcement spending levels, excluding monies spent on Public Defenders, and specifically defining what is meant by "law enforcement". This bill is not expected to pass the Legislature.

AB 2788 (W. Brown) is a different story. Authored by Speaker Brown, the bill requires that sales tax monies be used to supplement FY 1992/93 spending levels, with no specific definition of "law enforcement" and without the Mountjoy bill's specific penalties for counties that do not use the Prop. 172 funds in the way the bill specifies. AB 2788 passed out of the Assembly Local Government Committee today. We are advised that it will be amended so that San Francisco is not affected but will continue to monitor it closely, since it could have a detrimental effect.

Property Tax Shift Revisited

For some time, State Department of Finance staff have been talking to county officials about their problems with the way the property tax shift to the schools has been calculated by certain counties. The bottom line is that the State is short by somewhere between \$400 and \$600 million in the amount of monies that are needed for the schools. Today, the State released a draft of the legislation it proposes that would take an additional \$600 million from the counties -- primarily Los Angeles

County -- and shift it to the schools. As currently drafted, this bill does not affect San Francisco. However, it is possible that the ultimate "solution" to the State's desire for an additional \$600 million will involve San Francisco and the other counties, since it is unlikely that Los Angeles will be able to provide \$600 million to the State.

Of course, we will continue to monitor this very closely. It is ironic that on the one hand the Governor's restructuring plan proposes to shift \$1.1 billion in property tax back to the counties; and on the other hand the Department of Finance is seeking \$600 million in property tax from the counties.

Restructuring

The CSAC Health and Human Services Task Force has finally wound to a close. I am indebted to Supervisors Shelley and Kennedy for their attendance at the last meeting; and for Supervisor Shelley's leadership as co-chair of the Supervisors Policy Committee in this area. Their participation and support emphasize San Francisco's strong concerns on these issues, and strengthen our negotiating position within CSAC.

You will recall that the Governor's budget (released in January) included a massive "restructuring" of State programs, including a requirement that the counties absorb a share of the costs of two of the fastest growing State programs: AFDC and Medical. It also called for State assumption of additional trial court costs; for elimination of some Medical benefits and reductions in AFDC grant levels; for possible reexamination/reallocation of the current Realignment program; and for increased county flexibility over the administration and delivery of health and welfare services to the poor. In return, the State would assign \$1.1 billion in property tax; a portion of the State sales tax; and fines and forfeitures proceeds to the county.

At this point, there are several groups looking at various restructuring proposals:

- o Administration/CSAC: Wilson Administration and CSAC officials have been meeting to discuss restructuring. CSAC has presented the Administration with a long list of possible programs for restructuring, including many of those on the Governor's original list, as well as services ranging from portions of the Highway Patrol to services to the Developmentally Disabled. The CSAC list will be formally presented to the Administration staff next week.
- o Senate Committees: The Senate has established six restructuring working groups to address all possible aspects of restructuring. Their work product is expected within the next two weeks. It may include items ranging

from county assumption of long-term MediCal costs to changes in services to the elderly.

- o Legislative Analyst's Office: The Legislative Analyst's Office (LAO) also has a restructuring proposal, involving pairs of services, such as foster care and placements in the California Youth Authority; or long-term MediCal care and In Home Supportive Services. Aspects of this proposal are being considered by the Senate staff and others.
- o Others: There are also restructuring discussions involving Assembly members and their staff; bipartisan groups; advocacy groups; and others.

As you can see, it's a mess. Rumor has it that the Governor's May Revise -- the update of his budget proposal issued in mid-May -- will include about \$1.8 billion worth of restructuring (to allow for \$1.1 billion in returned property tax and for trial court funding). It is unclear whether the Governor's May Revise will have any relationship to the various restructuring discussions summarized above.

Poison Control Services

Attached is a letter to the members of the Legislature describing our current efforts to increase poison control funding.

STATE LEGISLATION COMMITTEE

At its April meeting, the State Legislation Committee took the following actions:

- o Support AB 2948 (Vasconcellos) establishing a Drug and Alcohol Task Force.
- o Oppose SB 1343 (Leonard) which would reduce the State sales tax.
- o Support SB 1393 (Bergeson) which would simplify the Controller's warrants process.
- o Support AB 2717 (Morrow) regarding income eligibility for the California Children's Services program.
- o Support AB 3022 (Lee) making it a crime to obstruct health care facilities.
- o Oppose AB 3585 (Ferguson) limiting rent control ordinances.
- o Support SB 752 (Kopp/Burton) regarding open meetings.
- o Support AB 1458 (Hurtt) allowing for broader local control of vending vehicles.
- o Support and seek amendments to SB 1557 (Thompson) regarding "do not resuscitate" orders.
- o Support and seek amendments to AB 1931 (Conroy) regarding confidentiality and voter registration affidavits.
- o Oppose AB 2659 (Morrow) limiting application of the psychotherapist/patient privilege.

- o Support and seek amendments to AB 3161 (Frazee) regarding the confidentiality of certain information in voter registration affidavits.

The next meeting of the State Legislation Committee will be on Friday, May 6, at 10:30. Among other matters, we will be considering broad language amending the State Legislative Plan so that we can oppose bills relating to HIV testing so that we do not have to seek a separate position on each item.

Please let me know if you need any additional information on any of these items.

cc Honorable Rudy Nothenberg, Chief Administrative Officer
 Honorable Ed Harrington, Controller
 Mayor's Division Heads
 Harvey Rose, Budget Analyst
 Department Heads

AB 2897 (Caldera) - As Proposed to Be Amended: April 19, 1994

SUBJECT

Undue concentration of liquor licenses.

DIGEST

Existing law allows the Department of Alcoholic Beverages (ABC) to deny either an application or a transfer of a liquor license if it is determined license issuance would adversely affect the public welfare or morals, create a law enforcement problem or issuance would result in or add to an undue concentration of licenses, and the applicant fails to show that public convenience or necessity would be served by the issuance of the license.

Existing law also limits the number of on-sale general licenses to one license per 2,000 inhabitants of a county and the number of off-sale general licenses to one license per 2,500 inhabitants. The only restriction on off-sale beer and wine licenses is that no new licenses may be issued in a county of the first class (Los Angeles) unless the license is conditioned on a requirement that there be a greater volume of sales for non-alcoholic products than for beer and wine products.

This bill requires the ABC to deny an application for a license if the issuance of the license would create a law enforcement problem or would result in or add to an undue concentration of licenses. The bill allows undue concentration of licenses as an independent basis for license denial and requires a local government, instead of the license applicant, to make the case that public necessity would be served by the issuance of the license.

FISCAL EFFECT

Unknown.

COMMENTS

1) Purpose

This bill mandates, rather than permits, the denial of a retail alcoholic beverage license in areas with either a law enforcement problem or an undue concentration of licenses. The author believes that high densities of alcohol outlets in low-income urban communities throughout the state is associated with higher crime rates, a negative

effect on economic development, and a reduction in quality of life.

The overconcentration of alcohol outlets in many areas is exacerbated by the fact that there are only approximately 200 ABC enforcement agents

available statewide to police approximately 70,000 liquor licenses.

2) Determining Public Convenience: State or Local Prerogative?

The author contends that local government, rather than the ABC and the license applicant, is in a better position to assess the needs of local neighborhoods to determine if public necessity or convenience is being met for purpose of overriding a license denial based on overconcentration of licenses in the area.

To what extent does this local action in determining the public necessity and convenience need for a license compromise the State's exclusive authority to license and regulate the sale of alcoholic beverages?

3) Defining Undue Concentration

This bill defines undue concentration of licenses as follows:

A) An area in a crime reporting district which has a 20 percent greater number of reported crimes than the average number of reported crimes as determined from all crime reporting districts within the jurisdiction of the local law enforcement agency.

B) The ratio of on or off-sale retail licenses to population in the census tract where the applicant premises is located exceeds the county ratio.

4) Related Legislation

AB 2698 (Tucker) would place a moratorium on the number of off-sale beer and wine licenses that may be issued until January 1, 1998, where: A) the proposed premises is located in a city or a county where the number of retail off-sale beer and wine licenses issued exceeds one license for each 2,500 inhabitants, or B) the proposed premises is located in a city and a county (San Francisco) where the total number of off-sale beer and wine and off-sale general licenses exceeds one license for every 1,250 inhabitants.

5) Author's Amendments

The author intends to exempt from the purview of this bill beer manufacturers (microbreweries and their restaurants), hotels, restaurants, and off-sale establishments damaged as a result of the

civil unrest in Los Angeles that occurred on April 29, 1992.

Date of Hearing: April 19, 1994

SUPPORT

League of California Cities
California Council on Alcohol Problems
West Los Angeles Alcohol Policy Coalition
California Latino Alcohol and Other Drug Coalition
American Planning Association, California Chapter
Alcohol Policy Network of Alameda County
Coalition on Alcohol Outlet Issues
The Marin Institute
Committee on Moral Concerns
City of Folsom Police Department
City of Woodland Police Department

OPPOSITION

None registered.

OFFICE OF THE MAYOR

FRANK M. JORDAN
Mayor



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President

B-1

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April 11, 1994

Honorable Robert Presley
California State Senate
5114 State Capitol
Sacramento, California 95814

RE: FUNDING FOR POISON CONTROL CENTERS

Dear Speaker Presley:

As you know, last year the Governor signed SB 456 (Presley), which included provisions for increased federal support for the State's regional poison control centers. Specifically, SB 456 allowed for spending on poison control centers to be included in the State/local match used to calculate federal matching funds under the disproportionate provider program. This letter is to advise you of how the provisions of SB 456 are being applied; in a manner that will provide no, or only marginal, relief for the cost of regional poison control services.

Since the Governor's signature of SB 456, we have been working to determine how the State intended to administer its provisions. In fact, officials at San Francisco General and UC San Francisco who administer the regional center based at S.F. General Hospital have been working continuously since last October to determine how to apply SB 456. They have held several meetings with officials of the State Health and Welfare Agency and Department of Health Services as well as the California Medical Assistance Commission; the Director of the State Emergency Medical

Services Agency attends the quarterly meetings of the Poison Control Center Advisory Board held at San Francisco General; correspondence has been exchanged between the San Francisco Director of Health and State officials on this issue; etc. In other words, this is an issue we have followed closely.

It was not until sometime within the last several weeks that the State finally indicated how it proposed to allow for the additional poison control center costs to be factored in; we were told that they should be included; and that they would be incorporated into the upcoming round of CMAC negotiations with the disproportionate provider hospitals. We attempted to clarify what this meant and had a variety of conversations with our CMAC negotiator and others to try to determine how we could best maximize federal funds to support our poison control services.

It was not until a week ago -- one week before the final CMAC submission was due on April 1 -- that CMAC informed us that the poison control expenses would be included in the overall cap that was being applied to the disproportionate provider negotiations, effectively making the proposal meaningless. Even without the poison control expenses, the cap imposed by CMAC was too restrictive and the disproportionate provider hospitals around the State, including San Francisco General, had been assuming that they would negotiate up to the cap based upon existing allowable programs and not including any poison control costs.

When we learned of CMAC's interpretation last week, I notified Legislative staff and officials at the Health and Welfare Agency. I was told that their understanding was consistent with mine; that the poison control payments should not be included in the existing CMAC negotiations cap. However, the issue has not been resolved, and our CMAC submission was forwarded without any inclusion of poison control costs. It is my understanding that our position on this issue is consistent with that taken by the other affected counties that house regional poison control centers.

Most recently, our CMAC negotiator advised us that the only additional funding for poison control centers would correspond to the amount of State general fund monies transferred and matched. This excludes the local support for poison control centers which the State could use to provide increased federal support at no additional cost to the State general fund.

Based on the Governor's Proposed budget for FY 1994/94, a maximum of \$1 million could be transferred by the State to CMAC and federally matched for a total of \$2 million Statewide. This money could be dispersed to some or all of the poison control centers, at the discretion of CMAC and after negotiation with the disproportionate care hospitals. Given this scenario, the San Francisco poison control center, and other centers in the State, will be forced to reduce services by blocking out calls from specific areas or counties, or by complete closure.

At this point, we are continuing to work with the State, in the hope of the State allowing additional funds to be applied to the federal match for poison control center services, or that some other funding source be considered to continue these services. We would appreciate any suggestions or help you could provide in this effort.

Sincerely,



Margaret Kisliuk
Director of Intergovernmental Affairs

cc Members of the Legislature
 Dr. Sandra Hernandez, Director of Health
 Richard Cordova, Executive Administrator,
 S.F. General Hospital
 Dr. Thomas Kearney, Director, San Francisco
 Poison Control Center

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June 13, 1994

TO: Honorable Frank Jordan, Mayor
Honorable Angela Alioto, President and
Members, S.F. Board of Supervisors

FROM: Margaret Kislik, *MW*
Director of Intergovernmental Affairs

RE: *///* Revised Revised Budget

Attached is a copy of the Governor's revision of his May revision to the budget. I have also attached our preliminary assessment of the dollar impact on San Francisco (i.e., I did not go into detail about the effects on the poor or homeless; I know that you are familiar with them).

Please call me if you have questions.

cc Mayor's Division Heads
Mayor's Budget Staff
Department Heads
Harvey Rose, Board Budget Analyst

Estimated Impact on San Francisco
of June Revised Budget
(\$ millions)

	Statewide	S.F. Only
"Correction" of County Property Tax Allocations	\$ 159-318	3(a)
Conference Committee Changes	158.0	*(b)
State Retention of SB 855 MediCal monies	120.0	3.5
Reduction of SB 910 Funds	165.0	2-3
Limit MediCal prescriptions to six w/o further approval	13.0	*
Reduce drug dispensing fee to MediCal pharmacists	9.3	0(c)
Bar Sponsored Aliens from MediCal Eligibility for Five Years	22.0	1.0(d,f)
Targeted MediCal Fraud	7.5	0
SSI/SSP Savings from Drug Convictions	4.0	*(d)
Reduce AFDC Grants by 10 to 25%	418.0	*(d)
Eliminate MediCal Optional Categories	163.0	10.4(e)
Eliminate OBRA Prenatal Care Services	51.0	0.5(f)
Contract Pharmacy for MediCal Prescriptions	11.0	*
TOTAL:	\$20.4-\$21.4	

Other Key Elements

- (1) No restructuring plan at this time, including assumption of additional State funding for trial courts.
 - (2) 50% rather than 54.41% Federal match on MediCal/AFDC, etc.
 - (3) Repeal renter's tax credit.
 - (4) Delay various capital projects to adjust for failure of earthquake bond measure and to prioritize projects involving least seismically safe structures.
 - (5) No matching State grant for "prospective" hazard mitigation projects. (NOTE: San Francisco has up to \$20 million pending in hazard mitigation project applications.)
- (a) It appears that San Francisco is not included in the FY 1993/94 shift, but in the upcoming 94/95 property shift calculation.
 - (b) Appears to have only a limited dollar effect on San Francisco programs. Proposals include reductions in hospital inpatient rates; motor voter; and other programs.
 - (c) Primary impact will be in further limitations on the availability of MediCal dispensing pharmacists, and increases in the waiting times and demands on the S.F. General Hospital pharmacy.
 - (d) Good estimate not yet available. However, a direct relationship has been shown between reductions in AFDC and SSI programs and corresponding increases in the

City's general assistance burden and the degree of homelessness. Further, the City has been working to ensure that persons eligible for SSI who were previously on the General Assistance rolls, are transferred to SSI. These proposals would reverse the effects of this effort, thus increasing the G.A. population and limiting the effectiveness of programs geared at the most appropriate direction of persons needing public assistance.

- (e) Most significant include adult dental care services (\$4.6 million); medical supplies (\$2.1 million); non-emergency medical transportation (\$1.7 million).
- (f) Very rough estimate.

*Only minimal, or insignificant dollar effect on San Francisco.



re 13, 1994

ML

June Governor's Budget Plan



Pete Wilson
Governor
State of California

FEDERAL FUNDS

(Dollars in Millions)

	<u>1994-95</u>
Incarceration	\$356
Health Care	296
Education	--
Refugees	<u>111</u>
TOTAL	\$763

Based upon the State's assessment of Federal Fund participation, the June Budget proposal assumes the Federal Budget provides full reimbursement (federal fiscal year) for incarceration and health care costs for illegal immigrants and refugees. It is assumed that Federal Funding for Education costs for illegal immigrants will not be provided until 1995-96.

June 13, 1994

CORRECTING COUNTY ALLOCATIONS OF PROPERTY TAX

The 1993 budget agreement shifted \$2.6 billion in property tax revenues from local agencies to K-12 and community college districts, in order to meet the State's constitutional obligations under Proposition 98. Of the total amount transferred, \$2.0 billion came from counties. This transfer is made through an Education Revenue Augmentation Fund, or ERAF, in each county.

The Department of Finance has identified 12 counties which have reduced the amount transferred to schools below the levels adopted in the budget agreement. These counties are treating ERAF as a local jurisdiction which contributes tax increment to redevelopment agencies, thereby reducing the amount of tax increment contributed by the county. This method of allocating property taxes is inconsistent with the method agreed to by the Legislature to estimate the fiscal impact of the budget agreement.

Property tax losses to K-12 and community college districts from these county decisions in 1993-94 are estimated at \$159 million. The use of this method by all 58 counties in 1994-95 would result in revenue losses between \$240 million and \$300 million. Approximately 84 percent of these revenue losses would accrue to K-12 districts, and 16 percent to community college districts.

The administration proposed amending the statutes governing these allocations when the Governor's Budget for 1994-95 was released in January. The June budget proposal continues to assume that legislation will be enacted to direct counties to adhere to the Legislature's original intent in the 1993 budget agreement. If this legislation is not enacted, further budget reductions of up to \$759 million through the 1995-96 fiscal year will be required.

GENERAL FUND

1994-95 JUNE BUDGET PLAN (Dollars in Millions)

CONFERENCE COMMITTEE ACTIONS

The June proposal includes several recommendations to increase resources or reduce expenditures that were adopted by the Conference Committee on the budget during its deliberations.

Expenditure Reductions

The June proposal includes reductions in various expenditure programs.
The significant reductions are:

	1994-95	\$158.0
• Supplemental Drug Rebates		(\$20.0)
• Hospital Inpatient		(\$46.0)
• Prepaid Health Plans		(\$9.0)
• Motor Voter Program		(\$8.0)
• Education Now and Babies Later (ENABL)		(\$7.0)
• Community College Initiatives		(\$12.0)
• Elimination of inflation adjustments (Price) for all departments except UC, Hastings, CSU, Maritime Academy, and the Legislature		(\$27.0)

Revenues and Transfers

The June proposal also includes the following General Fund revenue and transfer changes adopted by Conference Committee:

	1994-95	\$270.0
• Franchise Tax Board Audits		(\$45.0)

- Tax Settlements (50.0)
- January Tax Credit Proposals (131.0)
- Special Fund Transfers (44.0)

BUDGET REDUCTION PROPOSALS

4260 - Department of Health Services/Medi-Cal

Additional Disproportionate Share Hospital (DSH) (SB 855) Transfers - 1994-95 \$120.0

This proposal would require local agencies, principally counties which have county hospitals, to transfer \$120 million to the General Fund, in addition to the current \$154.8 million, for general Medi-Cal purposes. This transfer will be used to help continue funding for Medi-Cal optional eligibles not certain optional benefits. By maintaining these services at the State, federal matching funds will continue that otherwise would be lost if these eligibles and benefits became a county responsibility. This would reduce from \$1.095 billion to \$975 million the amount that could be matched by federal funds for DSH payments. DSH payments are made to all qualifying hospitals, not just those owned by the entities required to make intergovernmental transfers.

Dispro transfer
93/94 94/95

*Gross
net*

County Administrative Claiming (SB 910) Monies -Chapter 1179/91 1994-95 \$165.0

(SB 910) established a means for counties to receive federal Medicaid funding for in-kind targeted case management activities carried out by their staffs. As the program was being implemented, however, the Department of Health Services and the counties discovered that claiming for patient-related "administrative" activities (not eligibility work, for which the State already pays) also would be approved by the federal government. Currently, almost all of the county claiming under this program is for these "administrative" activities, not case management.

93/94 94/95

gross \$ 6.7M net \$6.6M

165 of 500 in program

Although actual cash payments to the counties are just commencing, the 1992-93 budget included \$200 million in these federal payments to counties. The 1993-94 budget includes an estimated \$740 million (a portion is attributable to one-time, retroactive payments), and the 1994-95 proposal is for approximately \$500 million.

These additional funds will be utilized to help maintain certain optional eligibles and benefits under the Medi-Cal program. Maintaining these programs by the State will continue federal matching funds that would be lost if these eligibles and benefits became a county responsibility. This June Proposal would use \$165 million of these federal payments in 1994-95 for general Medi-Cal use in lieu of State General Fund spending.

Limit Prescriptions to Six for Interim Savings - This proposal would limit to six the number of prescriptions that a Medi-Cal beneficiary can receive each month without prior approval in an effort to assure appropriate drug utilization. Physicians who determine that additional prescriptions are medically necessary would be asked to submit a Treatment Authorization Request (TAR) for approval. Through the use of a TAR, those who need more than six prescriptions per month could receive them. Assuming a September 1, 1994, implementation date and termination on May 1, 1995, when the pharmacy benefit management (PBM) contracting is to commence, this interim proposal would result in 1994-95 savings of \$13 million General Fund.

1994-95 \$13.0

Reduce the Drug Dispensing Fee - Federal law protecting pharmacists from reductions in dispensing fees under Medicaid will expire on December 31, 1994. If Medi-Cal pharmacists were paid a \$3.00 dispensing (service) fee per prescription instead of the current \$4.05, about \$18.6 million (\$9.3 million General Fund) could be saved from January 1, 1995, until the PBM contract is implemented on May 1. The federally-protected dispensing fee is far above that paid by most third-party payers.

1994-95 \$9.3

Bar Sponsored Aliens From Medi-Cal Eligibility For Five Years - Currently, sponsored aliens who otherwise meet eligibility criteria may receive services under Medi-Cal as legal residents. Under this proposal, such eligibility could not occur for five years. This assumes federal law would be changed to require the sponsors to assume responsibility for these aliens for five years, and to eliminate exclusions for agency sponsorship responsibility. Both State and federal law would have to be changed to bar sponsored aliens from Medicaid eligibility -- regardless of the number of years to be excluded.

1994-95 \$22.0

This proposal assumes that the required statutory amendments will be operative by October 1, 1994 and that the program changes will be implemented by December 1, 1994. The 1994-95 General Fund savings for Medi-Cal are estimated to be \$22.0 million; the full-year value for 1995-96 would be \$37.7 million.

Targeted Medi-Cal Fraud - Under this proposal, the Department of Health Services would add 38 positions to its Audits and Investigations Division to augment fraud investigation activities in Los Angeles, Sacramento and Santa Clara counties. The department has been unable to investigate all of the Medi-Cal fraud referrals that it receives from eligibility workers in these counties; the county staffs, as a consequence, tend not to refer all cases that they might suspect of fraud. These support costs of \$3 million (\$1.5 million General Fund) are expected to be offset by 1994-95 savings of \$18 million (\$9 million General Fund) for a net General Fund savings of \$7.5 million. In 1995-96, the full year net General Fund savings should reach \$10 million.

1994-95 \$7.5

"One Strike and You're Off" Public Assistance - This fraud proposal (federal law change is required) would permanently disqualify adults who commit an intentional program violation (IPV) in the AFDC, Food Stamps, SSI/SSP, and General Assistance programs from ever receiving aid under any of these programs. Any eligible child in a case with a disqualified adult would continue to receive all benefits. This is similar to the current IPV disqualification process in AFDC and Food Stamps, except that the lifetime disqualification would take effect on the first IPV, rather than the third, and an IPV committed in one program would create a disqualification from all programs. It also expands the IPV disqualification process to cover other public assistance programs, which currently do not have such a process. Although no savings are assumed in 1994-95, this proposal would result in an estimated \$47.1 million (\$24.1 million General Fund) savings in 1995-96. This program would create a major deterrence to public assistance fraud, provide a cost-effective alternative to prosecution of fraud through the criminal justice system and maintain a "safety net" for children whose parents are disqualified.

1994-95

--

Bar Sponsored Aliens From Eligibility For Five Years - This proposal would increase savings by \$18.1 million by barring aliens sponsored by individuals or agencies from receiving AFDC, Food Stamps, and General Assistance benefits for five years (based on a December 1 implementation date, assuming a federal law change by October 1).

1994-95

\$18.1

In addition, counties would be permitted to recover their costs from the sponsors for Emergency Medical Services provided to sponsored aliens during the five year period. It should be noted that the period during which a sponsor's income can be counted in SSI/SSP eligibility determinations was extended by Congress from three to five years effective January 1, 1994.

SSI/SSP Savings from Drug Convictions - This proposal would deny SSI/SSP to individuals convicted of a drug offense, including sale or possession, for a General Fund savings of \$4 million. This proposal includes denying General Assistance (GA) to those deemed ineligible for SSI/SSP due to drug or alcohol addiction. Without this modification, all those made ineligible for SSI/SSP would be eligible for GA at a cost of approximately \$7 million annually.

1994-95

\$4.0

This proposal is in addition to the Governor's January Budget proposal to deny SSI/SSP eligibility to alcohol and drug cases who refuse to enter treatment, and further, to limit eligibility to 2 years for these cases. Estimated General Fund savings from this proposal is \$4.8 million. It is assumed that federal funds will be available for treatment slots.

6440 - University of California
6610 - California State University

Shift funding for deferred maintenance from GF to revenue bonds, for GF savings of \$15.4 million (\$10.2 million for UC and \$5.2 million for CSU). Reduce expenditures by \$46.6 million through an unallocated reduction, with the amount proportional to the GF May Revision totals (\$25.3 million for UC and \$21.3 million for CSU). UC and CSU would determine the specific reductions.

1994-95 \$62.0

Debt Service

During the 1994 May Revision, an assumption was made as to the overall level of external borrowing needed in the 1994-95 fiscal year. At that time, the State planned to borrow approximately \$6.5 billion in Revenue Anticipation Notes (RANs). The associated interest cost was estimated to be \$260 million. This \$260 million, together with \$66 million in interest from the \$3.2 billion Reimbursement Warrants (RAWs) maturing in the 1994-95 fiscal year totalled approximately \$326 million in General Fund interest costs for external borrowing in the 1994-95 fiscal year.

1994-95 \$180.0

Currently, the State plans to borrow approximately \$5.0 billion of RAWs in July 1994, which will mature in April 1996. Therefore, the \$6.5 billion in 1994-95 RANs assumed at May Revision is now estimated to be \$2.0 billion. As a result, the decreased size of the RANs result in approximately \$180 million of savings in external interest costs in the 1994-95 fiscal year.

ECONOMIC STIMULUS LEGISLATION

The Legislature has failed to adopt the Governor's Tax Credit proposal made in January. The June proposal offers the following June Economic Stimulus legislation:

Headquarters Retention (AB 1313) -- This bill would provide a tax credit to qualified taxpayers which locate a new corporate headquarters in California or maintains or expands an existing corporate headquarters in California.

Small Business Expensing (legislation pending) -- Would conform state law with federal law by increasing from \$10,000 to \$17,000 the amount allowed to be expensed by a small business.

KEY ASSUMPTIONS

The June proposal continues to reflect the reductions that were included in the Governor's January Budget for:

<i>Welfare Reform</i>	1994-95	\$418.0
• AFDC -- 10% Grant Reductions		(\$238.0)
• AFDC -- Transitional Grants		(\$161.0)
• Maximum Family Grant		(\$3.0)
• Special Need Benefit		(\$19.0)
<i>Medi-Cal</i>	1994-95	\$225.0
• Medi-Cal Optionals		(\$163.0)
→ • OBRA Prenatal		(\$51.0)
• Contract Pharmacy		(\$11.0)

note to order

Consistent with actions taken by the Legislature, the fiscal estimates in the June Budget Plan no longer assume the Restructuring proposal presented in the January Budget. The Administration remains committed to a continuing discussion on how a Restructuring proposal could best be fashioned to further the goals of local control, local flexibility and the establishment of fiscal incentives for program performance.

In addition, consistent with the revised assumptions regarding receipt of federal funds, the June Budget Plan assumes a 50-percent match, rather than a 54.41-percent federal medical assistance percentage (FMAP).

RENTERS' TAX CREDIT

In the June 7, 1994, election the voters rejected a proposed constitutional amendment to include a renters' tax credit in the Constitution. There still remains a statutorily established renters' tax credit program which has been temporarily suspended for the 1993 and 1994 tax years. If the current suspension is not extended or the program is not repealed, the potential costs would be \$390 million beginning in 1995-96 and increase to \$420 million in 1996-97. Given the expressed will of the people regarding the renters' tax credit, the current statutory provisions for the program should be repealed.

FUNDING FOR EARTHQUAKE RESPONSE

The bond authorization in Proposition 1-A was intended to fund most state costs of response to the Northridge Earthquake, but was not approved by the voters in the June election. Therefore, costs previously proposed for funding from the bond authorization must be either absorbed from existing funds or not provided.

In view of the natural disasters that have befallen Californians in recent years, and given the growing signs of economic recovery in California, imposing additional taxes to fund these costs would be counter-productive.

The State's share of earthquake-related Caltrans repair work, as well as seismic retrofit activity, will be funded by reordering project priorities in the state transportation program. This will mean that some scheduled transportation and rail projects will have to be pushed back.

Repair of earthquake-damaged K-12 school facilities will be funded by utilizing balances from previous K-12 bond acts. Utilizing these balances will require action by the State Allocation Board.

The State will continue to provide local government's 10-percent matching share of costs for local infrastructure repair, which is currently estimated at \$130 million for fiscal year 1994-95. This funding will be provided through federal short-term financing of state costs. Any further costs will be addressed in fiscal year 1995-96 and beyond.

While the CALDAP program was worthwhile, the Legislature has never provided a permanent source of funding for the program. Given the action of the voters, state funding will not be available. The Director of Housing and Community Development will continue to work with local and federal officials to identify potential avenues of funding priority housing needs.

Given the action of the voters, the state will not be able to provide the local government matching share for hazard mitigation programs, which are prospective in nature and do not affect structures that were damaged in the earthquake. However, local governments may still be able to take advantage of federal funds for these programs if they are able to develop an alternate funding source for their local matching share.

GENERAL FUND

JUNE DEFICIT ELIMINATION PLAN

- **A 22-Month Plan to Eliminate the Deficit.**
- **\$3 billion of the \$4 billion Budget Problem is Addressed in 1994-95.**
- **\$1 billion of the Budget Problem is Addressed in Fiscal Year 1995-96.**
- **The Plan Provides for Market Access to Ensure That Normal Cash Flow Demands Are Met.**

June 13, 1994

OFFICE OF THE MAYOR

FRANK M. JORDAN
Mayor



BOARD OF SUPERVISORS

ANGELA ALIOTO
President

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SF State Legislative Representative
Legislative Report...

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JUN 24 1994

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June 22, 1994

TO: Honorable Frank Jordan, Mayor
Honorable Angela Alioto, President and
Members, S.F. Board of Supervisors

FROM: Margaret Kislik
Director of ~~Internal~~ Governmental Affairs

RE: Update on the Budget

The budget picture has been changing rapidly. At this time, it is unclear whether the Joint Senate/Assembly Conference Committee will meet to continue to substantively address outstanding budget items, or whether the debate will shift to the "Big Five" -- the Governor and the Democratic and Republican leadership from the Assembly and the Senate -- and take place behind closed doors. Late this evening, the Democrats at least appeared to be meeting to redraft their budget proposals.

The items summarized below are as of today, and those that are listed as still open may change substantially tomorrow or in the next week or two. I have been in close contact with the affected departments, as well as our Legislative representatives on all of our concerns; I will continue to work to keep you up to date and to minimize the confusion associated with the rapid changes.

Attached are the following:

- o The list of Conference Committee items that have been finalized and will definitely appear in the final budget;
- o Pending open items still under discussion;

- o Items in the Governor's budget but specifically rejected by the Legislature -- at least to this point in the discussion;
- o Other items originally proposed by the Governor that continue to be under discussion;
- o Items proposed in a Democratic document that were not included in the Governor's proposal but may be part of the final budget solution;
- o A document describing the health care cuts more specifically. If it remains relevant after tonight, I will be distributing it widely to our delegation and others.

Conference Committee Items: More or Less a Done Deal

The Joint Assembly/Senate Conference Committee has been meeting for several weeks to resolve the differences between the budgets adopted by the Assembly and the Senate. They have resolved, or in the process of addressing, the items below:

MUNI

- o Reduce STA (operating monies) account to reflect TP&D shortfall of \$43-\$50 million from reestimate of sales tax revenues based upon changes in gas prices.
San Francisco Effect: \$2.1 million in operating costs
- o Reduce TCI (capital) account to reflect revised estimates as noted above.
San Francisco Effect: Unclear; up to \$ for capital and equipment depending upon how cut is allocated by CTC.
- o Transfer \$41.5 million from Caltrans Support to Seismic Safety Retrofit Fund for I-280.
San Francisco Effect: Unclear at this time.

HEALTH AND WELFARE

- o \$5 million augmentation for HIV prevention/education (\$3 million) and anonymous testing (\$2 million).
San Francisco Effect: Unclear at this time.
- o \$8.3 million reduction in SSI/SSP for persons with drug or alcohol addictions including retroactive payments to persons on General Assistance, unless they enroll in a drug treatment program.
San Francisco Effect: would impact upon demand in the City's drug treatment system; could cost the City several hundred thousand dollars in foregone SSI/SSP/Medical payments.

- o Limit Medical prescriptions without additional review to six.
San Francisco effect: approx. \$100,000.

CORRECTIONS

- o Reduce by \$2 million for reimbursement for costs of processing habeas corpus by local authorities, for persons in county facilities.
San Francisco Effect: minimal
- o Reduce/eliminate support for county boot camps.
San Francisco Effect: \$ 310,000
- o \$4 million augmentation for Gang Violence Prevention Program plus \$2 million allocated specifically to Northern California Counties.
San Francisco Effect: none as yet

TRIAL COURT FUNDING

- o Reduce by \$380,000; allocate according to functional budgeting.
San Francisco Effect: Approximately \$1.2 million

Pending Open Items

PROPOSITION 99 TOBACCO TAX

AB 816 (Isenberg) is the subject of a legislative conference committee. Amounts allocated to the county in various areas, including health education; CHDP; and others; are pending the resolution of this item. *San Francisco effect: \$1.6 million or more at stake.*

MENTAL HEALTH MANAGED CARE

Allocation methodology will be proposed either in AB 757 (Polanco), or in the budget. Current proposal disadvantages San Francisco to an extent not yet determined.

Governor's Proposed Budget: Items Specifically Rejected by the Legislature

- o OBRA Prenatal Services (would have been \$500,000 to S.F.)
- o AFDC Grant and Related Reductions (would have increased G.A. rolls and homelessness)
- o Elimination of Special Needs AFDC Benefit (would have had some direct budget effect and effect on homelessness/G.A.)

- o Elimination of MediCal Optional Services (could have had up to \$10 million effect)

Items Currently Under Discussion in Final Settlement

Property Tax Calculation

- o Assess difference in monies from calculation methodologies for the property tax shift.
San Francisco effect: \$3 to \$6 million

Disproportionate Share Monies (SB 855)

- o The Governor proposed reducing counties' share by \$120 million; the Democratic compromise proposes a reduction of \$85 million.
San Francisco effect: between \$3 and \$7 million

SB 910 (Targeted Case Management) Monies

- o The Governor proposed reducing counties' share by \$165 million; the Democratic compromise proposes a reduction of \$200 million; neither assumes billing for outpatient/hospital-based services.
San Francisco effect: about \$6 million in Department of Health; Juvenile Probation; and Adult Probation.

Other Items

- o Both the Democratic compromise and the Governor's proposal would deny benefits to sponsored aliens for five years.
San Francisco effect: Approx. \$1 million

Elements of the Democratic Compromise that Were Not Included in Governor's Proposal

- o Charge counties for CYA commitments.
San Francisco effect: Unclear at this time; perhaps up to \$0.5 million a year.
- o Roll back MediCal dental COLA and increase utilization.
San Francisco effect: minimal
- o Deny senior tax credit and shift savings to seniors programs.
San Francisco effect: none at this time
- o Postpone foster care group home rate increase/program.
San Francisco effect: none at this time.
- o Include IHSS income eligibles in personal care caseload.
San Francisco effect: insignificant
- o County share of cost of 30% for Child Welfare Services programs.
San Francisco effect: insignificant

- o Cap funding for administrative overhead in child welfare programs.
San Francisco effect: insignificant

Please call me if you have questions.

cc Honorable Ed Harrington, Controller
 Honorable Rudy Nothenberg, Chief Administrative
 Officer
 Mayor's Division Heads
 Mayor's Budget Staff
 Department Heads
 Harvey Rose, Board Budget Analyst
 Marilyn Berry Thompson

Impact of Proposed Cuts in Health Care Programs

Several of the current budget proposals could have significant detrimental impacts on the viability of the MediCal managed care programs in the 13 targeted counties that serve the bulk of the State's MediCal population:

SB 855 - DISPROPORTIONATE PROVIDER

The federal disproportionate provider program is specifically targeted for hospitals that serve a disproportionate number of the poor -- both those who qualify for MediCal services and those who are indigent and treated as charity care. The purpose of the program is to compensate hospitals that disproportionately serve the poor and their associated special needs: medical conditions that often are left untreated until they are critical and require emergency room care; the need for translators and persons familiar with particular cultural conditions; and the need for aggressive prevention and education efforts.

The program is based on federal and county funds; the State currently receives an administrative fee of \$155 million. In FY 1993/94, the counties transferred \$ 1.1 billion to the State (92% of the Statewide total), and received approximately \$ 2.1 billion back, providing a net increase to the counties of \$ 574 million. **THE PROPOSAL TO INCREASE THE STATE SHARE BY \$120 MILLION WOULD REDUCE COUNTY DISPROPORTIONATE PROVIDER PAYMENTS BY ALMOST ONE-FIFTH.**

*Continuation of the disproportionate provider program is an integral part of the managed care efforts currently under way in 13 counties, under the State's Strategic Plan for MediCal Managed Care. In fact, the strategic plan includes specific protections intended to preserve disproportionate provider revenues for those hospitals that do, in fact, disproportionately serve the poor. The program would provide a set capitated rate for both public and private providers, although the private providers may be serving only the AFDC and related portions of the MediCal population, which tends to need less, and less expensive care than the SSI, aged and disabled portions of the MediCal population may need. **THUS THE DISPROPORTIONATE PROVIDER PAYMENTS ARE THE ONLY SOURCE OF FUNDS ADDRESSING THE FACT THAT THE LOCAL INITIATIVE (COUNTY) MANAGED CARE SYSTEMS WILL BE SERVING THE BULK OF THE STATE'S MOST EXPENSIVE MEDICAL PATIENTS.***

Latest (6/22) estimates available indicate that the pending proposals would reduce support for San Francisco's public health system -- specifically San Francisco General Hospital -- by \$3.3 million (for total Statewide amount of \$85 million) to \$7 million.

- 2 -

Proposals

- o If a cut must be taken, it should be based upon the total disproportionate provider amount to the State, including the federal contribution, thus maximizing the receipt of federal funds and somewhat reducing the detrimental effect on the counties.

SB 910 - MEDI-CAL ADMINISTRATIVE CLAIMING FOR TARGETED CASE MANAGEMENT

The targeted case management program provides federal MediCal reimbursement for coordination of services to persons who are eligible for MediCal. It allows providers to submit claims for these services, even when provided in non-traditional MediCal settings, including schools, services provided in offices or elsewhere by social service workers; by probation agencies, and in specialized and general medical care clinics.

The State only recently allowed counties to bill for certain social service-related services, and continues to deny claims for outpatient hospital costs, despite the fact that such claims are permitted under federal law.

The program is also key to an effective managed care system, emphasizing the coordination of services, and the emphasis on prevention and avoidance of disease that are the underlying precepts upon which managed care is based.

Latest (6/22) estimates available indicate that pending proposals would reduce support for San Francisco's managed care and related preventive health programs by \$6 million (for Statewide total of \$200 million).

Proposals

- o Rather than reducing county funds that have already been budgeted and appropriated, allow counties to maximize SB 910 billings by allowing for outpatient hospital-based claims, and by encouraging as much SB 910 claims as possible. This can best be done by giving the State a set percentage of all claims generated, even if the total generated exceeds the State's targeted transfer amount.

The State is currently holding all outpatient based claims, stating that the counties must drop the pending lawsuit involving MediCal outpatient rates that have been filed by 8 counties (Alameda, Riverside, Contra Costa, San Bernardino, Fresno, Santa Clara, Monterey and Kern) and by various private hospitals under the aegis of CAHHS. The

State does not appear to have met with the parties to discuss their concerns in any forum; and has not effectively explained why their concerns should penalize counties and hospitals that are not parties to the suit and thus cannot control it.

Further, the State's submission of the "HCFA 64" form, which governs future federal SB 910 reimbursements, has not been drafted to reflect possible resolution of this issue. The form, which must be submitted in August, should allow for some resolution of the issue and thus realization of the potentially significant federal funds. The State should be made to justify its position on this issue.

IMPLEMENTATION OF MEDI-CAL MANAGED CARE

The State's Strategic Plan for MediCal Managed Care calls for implementation of these plans by no later than April 1995. In the transitional period before that date, the State will be contracting with private providers who will enroll MediCal beneficiaries. Note that:

- o this enrollment will occur without the benefit of full implementation of the State's "Health Care Options" plan that will seek to control the marketing strategies of the private providers, and ensure that beneficiaries are aware that they can continue to seek services from county facilities and other traditional MediCal providers;
- o the State has established "maximum" enrollment levels for the private plans such that a bulk of the county's eligible MediCal population might be enrolled in these plans before the county plan is up and running;
- o the State's contracts with the private plans will be made available to the counties for review and comment, but the decision over the terms and conditions, and the actual contracting arrangements of the plans is an administrative decision made solely by the Department of Health Services, despite any objections made by the county.

As can be seen, this "transitional enrollment period" could significantly impact upon the ultimate success of the counties' managed care plans. When seen in the context of the disproportionate provider and targeted case management budget proposals, the overall effect is to limit the possibility for success in the State's aggressive and

- 4 -

ambitious MediCal managed care program, with potentially significant adverse effects on care for the indigent and the most critically ill MediCal patients.

Proposal

Seek to limit the potential detrimental effect of the "transitional enrollment period through measures such as the following:

- o Barring transitional enrollment until the Health Care Options program governing private sector marketing practices is in place;
- o Allow for incorporation of county concerns into the proposed transitional enrollment contracts by mandating county approval for the proposed contractual terms and conditions (but not necessarily the specific contracting party);
- o Limit the maximum enrollment during the transitional enrollment period.

LIMIT ON MEDI-CAL PRESCRIPTIONS

The Governor proposes to limit the number of Medi-Cal prescriptions that can be issued without additional review. This proposal must be amended to reflect the needs of persons with catastrophic illnesses. Persons with HIV and related conditions; with multiple diagnosis; and with cancer should be exempted in order to facilitate the most humane imposition of such a measure.

All prescriptions will continue to require the initial Treatment Authorization Request (TAR); persons with such conditions will be exempted as an acknowledgement of the critical nature of their illness; and the difficulties that the simple act of refilling a prescription might impose for them. Further, the measure is cost-effective, reducing the number of unnecessary physician visits that are needed simply to retain life-sustaining drugs.

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President

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July 18, 1994

Legislative Report

TO: Honorable Frank Jordan, Mayor
Honorable Angela Alioto, President and
Members, S.F. Board of Supervisors

FROM: Margaret Kisliuk
Director of Intergovernmental Affairs

RE: Update on State and Federal Issues

STATE ISSUES

BUDGET

As you know, the Legislature passed the budget, and the Governor signed it on July 8. We were adversely affected by a few of the Governor's "blue pencil" vetoes:

- o Transit Funding: The Governor vetoed redirection of monies to the State Transportation Assistance Account which provides operating funds to MUNI and other transportation systems, leading to a \$700,000 loss to MUNI. This was on top of a \$2.3 million reduction caused by revised estimates in the May Revision of the Governor's Budget. Note, however, that if the original (and more optimistic) estimates do actually occur, these monies will come to MUNI.

- o Planning for the Waterfront Mid-Embarcadero Project:
The Governor deleted the \$200,000 that had been earmarked for this project. I am working with the Speaker's Office to see if any alternate funds can be identified, but we may not be able to address this until the next budget cycle.

There are a few other budget items pending:

- o SB 910 (Targeted Case Management/Administration - MediCal): The counties have until August 1 to propose an alternate formula for this cut. Under the current formula, San Francisco would have to divert \$5.8 million to the State over the course of FY 1994/1995. Alternate formulas have been proposed by various counties, most prominently Los Angeles County. L.A. argues that the SB 910 cut disproportionately affects Los Angeles; about 2/3 of the total cut comes from Los Angeles, which has about 1/3 of the State's population. (Note that our cut of \$5.8 million is roughly proportionate to our share of the State's population). Thus, it is unlikely that an alternate formula would advantage San Francisco.

The counties meet again on Friday, July 22, to develop their final recommendations.

- o Outpatient Billings: At the request of Dr. Sandra Hernandez and Supervisor Leal, Speaker Brown called in the top State Health and Finance officials to request that they be more helpful in our efforts to maximize federal billings, especially in the area of targeted case management services at the clinics based at S.F. General. As a result, there have been a series of meetings with State officials, and with the federal officials whose assistance is key to this effort. The difficulties are based, in part, on the methodology used by Los Angeles County (but not by San Francisco and many other counties), but there are also general issues affecting all counties. At this point, it is unclear whether we will receive the federal support necessary to maximize our billings to the fullest extent, but there has been some movement that has allowed the Health Department to budget revenues based on pending MediCal claims.

- o Managed Care: Also as a result of a meeting with Speaker Brown, the State Department of Health Services has agreed to implement its program that governs the marketing of private MediCal managed care plans. You will recall that we had argued that the health cuts impact the viability of our future MediCal managed care system, and that at the least, the State needs to ensure that MediCal patients are fairly informed about the continued availability of the county health system along with private plans. We had also been concerned because of "horror stories" having to do with the marketing of private plans in other counties.

Implementation of these marketing controls involves both the Social Services and Health Departments; these departments are developing a plan to be instituted shortly. Note that at least one private plan began enrolling MediCal patients last July 1.

- o Allocation of Block Grants: We are also working closely with the Speaker's Office and others to try to ensure favorable formulas for administration of the block grant for Mental Health MediCal Managed Care (due October 1, 1994), for Family Preservation Monies to DSS (starting this year, with the bulk of the monies in subsequent years); and for monies for senior programs (Older American Act and related State monies).
- o Poison Control Services: The recent settlement between Blue Cross and the State that would allow for the shifting of some Blue Cross operations to "for profit" status, included \$4 million to be distributed on a one-time basis to the State's six regional poison control centers, including the one housed at S.F. General. The centers are meeting to devise an allocation formula for these monies.

SPONSORED BILLS

The Legislature reconvenes on August 8.

- o AB 2755 (Lee) - MediCal Managed Care: The substantive San Francisco amendments to this bill were heard July 6 by the Senate Health and Human Services Committee. We are working to analyze and incorporate as appropriate amendments proposed by the hospital association; by the Statewide nurses organization; and by SEIU. The bill's next (and hopefully last) committee hearing will be before the Senate Appropriations Committee.

- o SB 1590 (Roberti) - Wrap Around Insurance: We have encountered problems having to do with the concerns of Statewide trade unions, and are working to see whether we can address their concerns this Legislative session. This bill allows the City to purchase insurance for construction projects in order to reduce costs and improve the utilization of MBE/WBES.
- o SB 1726 (Kopp) - Property Tax Notification: This bill is pending before the Assembly Ways and Means Committee. While passage in the Assembly is expected, we are concerned that the Governor may veto it because of concerns expressed by some Republican members of the Assembly.
- o SB 1378 (Kopp) - Disabled Parking Placards: This bill is pending before the Assembly, then will proceed to the Senate for concurrence with Assembly amendments, and then will be forwarded to the Governor.
- o ABX 95 (Burton) - Stalking: This bill is pending before the Senate Committee on Appropriations, where it is expected to pass.
- o AB 2937 (Cannella) - Small Claims Court: This bill, which would allow for savings having to do with San Francisco's small claims court actions, is pending before the Senate Judiciary Committee, where it is expected to encounter its strongest opposition.
- o AJR 90 (W. Brown) - Presidio: This resolution in support of the Presidio National Park is pending before the Senate Committee on Agriculture and Water Resources.

OTHER KEY LEGISLATION

- o AB 133 (W. Brown) - Landmarks: This bill, which prohibits the landmarking of churches, is pending before the Senate Appropriations Committee, although this hearing may be waived because the bill has no State fiscal effect. In any case, it is expected to pass the Senate and Assembly (where it will just have a floor vote without public testimony) and be forwarded to the Governor, who is expected to sign it.

- o SB 1364 (Marks) - Medicinal Use of Marijuana: This bill is pending on the Assembly floor, and will then be forwarded to the Governor. It is unclear whether the Governor will sign it, although it has received many Republican votes.
- o AB 2742 (Lee) - Local Control of Retail Liquor Outlets: This bill, and a related measure by Assemblyman Cannella, is proceeding with surprisingly little opposition. Both bills are pending before the Senate Appropriations Committee for their final committee hearings.
- o AB 2788 (W. Brown) - Public Safety Maintenance of Effort: This bill would mandate that a city or county can only receive Prop. 13 sales tax monies if it maintains spending on public safety services at either the FY 1992/93 or FY 1993/94 levels, whichever is higher. It also provides for an inflation factor, based upon the Gann Limit formula, to ensure that the level of spending on public safety rises over time. At present, the bill does not adversely affect San Francisco, but its record of incorporating increasingly restrictive amendments has been a concern. It is expected to be passed easily in the Senate, and forwarded to the Governor for his expected signature.
- o AB 1320 (Costa) - Rent Control: So far, the adverse rent control bills have failed, including a related measure by Assemblyman Ferguson. We will continue to monitor these closely.
- o AB 2810 (Katz) and SB 2061 (Hart) - Domestic Partners: Both these bills are pending their last committee hearing. It is unclear whether the Governor will sign them.
- o AB 2199 (W. Brown) - Civil Rights: This bill would, among other things, ensure the viability of San Francisco's ordinance prohibiting discrimination based on sexual preference. It is pending before the Senate Judiciary Committee.
- o AB 2418 (Speier) - Price Discrimination: This bill is moving fairly quickly through the Legislative process; it will have its last hearing before the Senate Appropriations Committee on August 8.

- o AB 2065 (Lee); ABX 37 (Burton, W. Brown) - Gun Control: AB 2065 would allow for local gun control ordinances; AB X 37 would allow for stricter local controls on assault and semi-assault weapons. Neither bill has yet made it out of the Assembly; passage appears unlikely.
- o AB 3689 (W. Brown) - Satellite Wagering: This bill, which redefines our Agricultural District boundaries and which would allow for satellite wagering in San Francisco, is pending its final Senate committee hearing.
- o SB 1048 (Watson) - Needle Exchange: This bill, and the identical measure by Assemblywoman Bronshvag, continues to move through the Legislative process. The Governor is expected to veto them, although we will continue to work, of course, for a signature.
- o SB 1239 (Russell) - Mandatory HIV Testing: So far, the mandatory testing bills have been largely defeated. SB 1239, which is sponsored by the California Medical Association, is in the process of being amended and may be more acceptable to the Assembly Health Committee when it considers the bill in August. We will continue to monitor it closely.
- o SCA 12 (Kopp) - Salaries of Local Elected Officials: This proposed Constitutional amendment, which would limit local officials' salaries to that of the Governor, is pending before the Assembly Ways and Means Committee. If passed, it will be on the 1996 ballot.

RESTRUCTURING

The proposed restructuring of State/county services will be addressed in August. The most recent proposal had the State picking up 100% of trial court costs in exchange for the counties assuming a part of the costs of long-term Medical care; board and care services; and aging programs. We will continue to relay our concerns to anyone who will listen.

FEDERAL MATTERS

Hearings on the federal budget continue. There are several San Francisco-specific appropriations pending:

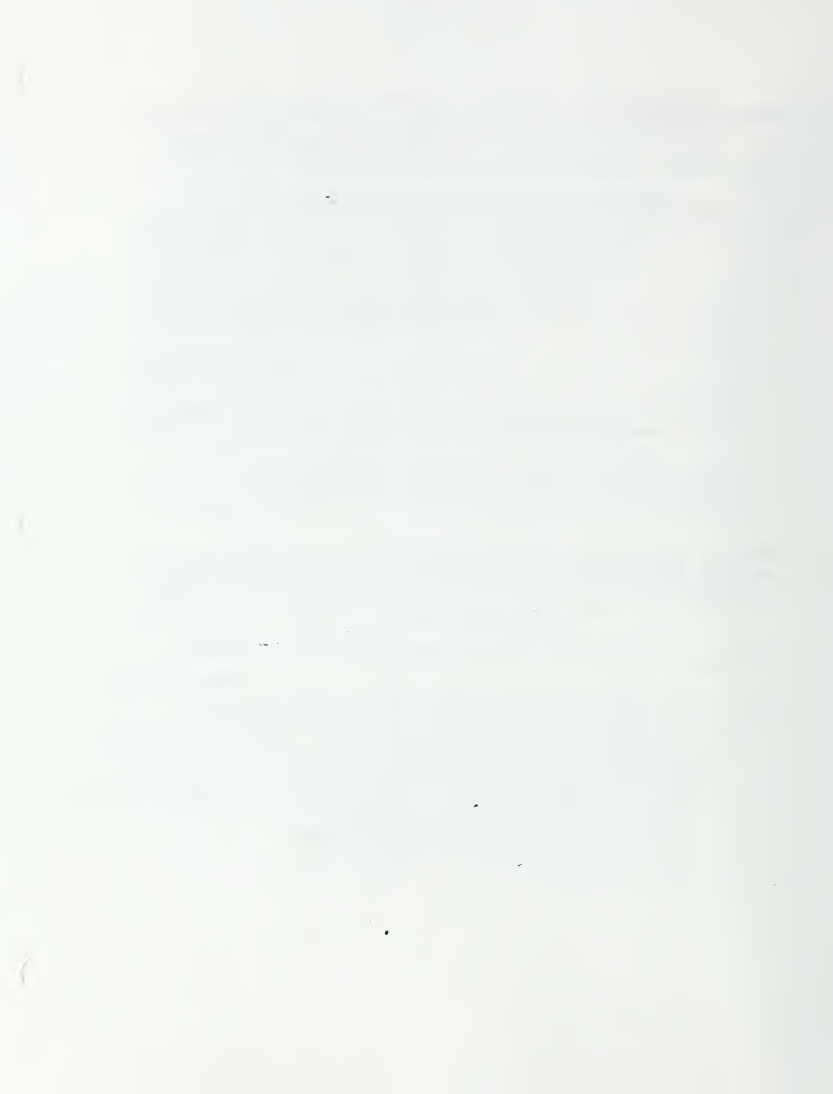
- o Clean Water: As a result of the efforts of Senators Feinstein and Boxer, the Senate bill includes \$40 million for the Richmond Transport -- the last big piece of our Clean Water project; and about \$800,000 in monies for water reclamation projects. This appropriation will need to be protected during the upcoming conference committee process (although the water reclamation monies are in both the Senate and House versions of the budget).
- o Homeless: A \$1.5 million earmarked appropriation to San Francisco, for transitional housing for mentally disabled persons, is included in the budget and expected to successfully survive the conference process.
- o Other pending budget items: We continue to work for inclusion of our other San Francisco-specific proposals, including monies for Laguna Honda and for substance abuse services.

Note, also, that the still-pending Omnibus Crime Bill includes monies for local police and for violence prevention programs.

* * *

As always, please feel free to call if you have questions.

cc Honorable Rudy Nothenberg, Chief Administrative
 Officer
 Honorable Ed Harrington, Controller
 Honorable Louise Renne, City Attorney
 Mayor's Division Heads
 Mayor's Budget Staff
 Harvey Rose, Board Budget Analyst
 Marilyn Berry Thompson, Federal Advocate
 Pam David, Federal Coordinator
 Department Heads



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FRANK M. JORDAN
Mayor

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President

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August 19, 1994

TO: Honorable Frank Jordan, Mayor
Honorable Angela Alioto, President and Members,
S.F. Board of Supervisors

FROM: Margaret Kisliuk
Director of Intergovernmental Affairs

RE: Update on State Legislation

The Legislature recesses on August 31; bills not adopted and sent to the Governor before that time would have to be reintroduced next year. Both the Senate and the Assembly have been working long hours to try to get through the pending legislation.

I have summarized the status of various bills of interest below. I will provide a final update once the Legislature concludes its final sessions.

SPONSORED BILLS

- o Medicinal Use of Marijuana - SB 1364 (Marks): The Assembly passed this bill on Thursday and forwarded it to the Governor. It is unclear whether the Governor will sign the bill; any letters or phone calls, particularly from persons who are known to the Governor, would be helpful.

As you know, the bill allows for the medicinal use of marijuana, with a prescription, if the condition is a serious one, and if such usage is approved by the federal government.

Request for Help: Letters to the Governor requesting his signature are urgently needed. The most useful would be letters from those involved in law enforcement, as well as the medical/public health communities and other advocacy groups. A draft letter of support is attached.

Note that the Governor will act on this bill within the next two weeks.

- o Property Tax Notification - SB 1726 (Kopp) - IMMEDIATE ACTION NEEDED TO SUPPORT SIGNATURE ON THIS BILL: This bill is on the Governor's desk. We have been advised that various individuals, including the former assessor of Los Angeles County, have advised the Governor to veto this bill.

Request for Help: Again, letters to the Governor requesting his signature are urgently needed. A draft letter, and summary of the bill, is attached.

The most useful letters would be from the following:

- o Boards of Supervisors/individual Supervisors or elected officials in other counties, particularly from Southern California.
- o Representatives of business; Chambers of Commerce; etc.
- o Prominent attorneys, since we understand that the Tax Section of the State Bar may seek a veto,

A draft letter is attached. Note that the Governor will sign or veto the bill within the next ten days, so immediate action is needed. Please ask that copies of any letters sent to the Governor be also sent to me.

- o Stalking - ABX 95 (Burton): Pending, on the consent calendar, on the Senate floor. The bill provides for notification to victims when a convicted stalker is released from custody.

- o Small Claims Court - AB 2937 (Cannella): Pending on the Senate floor. The bill allows San Francisco and other counties to file small claims court actions of up to \$5,000, in order to generate savings related to the processing of court cases.
- o Managed Care - AB 2755 (Lee): Pending on the Senate floor, where we will amend it to include concerns from the State Department of Health Services. While we have yet to receive a formal response from the Department, we have informal understandings that they have objections to two aspects of our proposed language; those pertaining to conflict of interest and to a potential administrative relationship with a Knox-Keene licensed health plan. We are trying to address these concerns before bringing the bill up for a vote.

This bill has been extremely time-consuming and difficult for all concerned, and I am indebted in particular to Dr. Hernandez for her patience with me and the convoluted Legislative process we have had to endure. Many of the problems can be attributed to the fact that this major change in the delivery of health care to the poor of California is not guided by any formal regulations (from the State Department of Health Services) or law. In fact, we understand that the federal waiver request has not yet been formally submitted.

- o Wrap Around Insurance - SB 1590 (Roberti): This bill is essentially dead for this Session. We were unable to get the most troublesome opposition -- representatives of the laborers' -- to engage in constructive discussions of compromise legislation, let alone to reach such a compromise.
- o Needle Exchange - SB 1048 (Watson): This bill failed its vote in the Ways and Means Committee and is pending reconsideration. While its passage by this committee seems doubtful, an identical bill, AB 2061 (Bronshvag) is pending on the Senate floor, and will then be forwarded to the Governor.
- o Presidio - AJR 90 (W. Brown): This resolution was enacted on Friday, with its passage by the Senate. It urges the Congress to designate the Presidio National Park as envisioned in the Pelosi legislation.

- o Disabled Parking Placards - SB 1378 (Kopp): Signed by the Governor.
- o Red Light Violation - SB 1995 (Marks): Dead for this Legislative session.
- o Agricultural Districts/Satellite Wagering - AB 3689 (W. Brown): The provisions of this bill, which would conform the Agricultural District boundaries to those of the City and County, and allow for satellite wagering at three sites, were incorporated into AB 1412 (Tucker), which was recently signed by the Governor.

Budget Update

Two recent events have worsened the State's already bad budget situation, with potential effects on local governments:

- o On Thursday, the San Francisco Superior Court rejected the most recent 2.3% AFDC/SSI cuts, which cost the State about \$60 million annually. There is also a budget impact to San Francisco, since we pay 2.5% of the AFDC grant. It is unclear how the Administration will react to this court decision, and within what timeframe the cuts will be restored.

As you know, the City and County of San Francisco opposed these cuts in the first place, contending, among other things, that the amount of State funds involved was not significant, especially when compared with the costs of increasing homeless and suffering that would result from the cuts.

- o The federal budget is expected to have about \$300 million less for California, for the costs of incarcerating undocumented persons, than was expected in the recently adopted State budget.

As you know, the Legislature adopted a "trigger bill" along with the State budget, that specifies the types of severe actions that will take place if the State's revenues do not come in as expected during FY 1994/95. The bill requires an assessment in mid-November, with proportionate cuts in basically all programs, including health and welfare entitlement programs, by the following February. Note that only the State's debt service, the Prop. 98 schools allocation, and a few other items would be protected from such cuts. The trigger bill, and its potential effects on

San Francisco, will be addressed as part of the discussions with the bond rating agencies later this week.

Update on Other State Legislation

- o AB 133 (W. Brown) - Designation of Churches as Landmarks: Pending passage on the Senate floor; then to the Assembly for concurrence.
- o AB 2811 (Katz) - Domestic Partners: Pending final passage on the Senate floor.
- o SB 2061 (Hart) - Domestic Partners for PERS Members: On "suspense" in Assembly Ways and Means, to be heard on Wednesday, August 24.
- o AB 2741 (B. Lee)/AB 2897 (Caldera) - Local Control of Retail Liquor Outlets: Passed by the Senate, on their way to the Governor. Letters of support are needed.
- o SCA 12 (Kopp) - State Constitutional Amendment Restricting the Salaries of Local Elected Officials: Referred to the Assembly Public Employees, Retirement and Social Security Committee, which is not expected to meet this year. The bill is essentially dead.
- o SB 1601 (Beverly) - Tax Liens by Water Agencies and Others: We oppose this bill, which could impact Water Department collections. It has been referred to the Assembly Utilities and Commerce Committee, which is not expected to meet this year.
- o AB 2788 (W. Brown) - Maintenance of Effort on Prop. 13 Funds: This bill is scheduled to be heard by the Senate Appropriations Committee on Monday, August 22. It is to be amended to base required public safety funding on the FY 1992/93 level, with an inflation/deflation factor based on changes in the Statewide sales tax. As it will be amended, the bill will not adversely affect San Francisco.
- o ACA 47 (Richter) - Discrimination Protections: This proposed constitutional amendment would have preempted local MBE/WBE and related ordinances meant to address historic discrimination. It failed passage, and is thus dead for this Legislative session.

- o AJR 95 (Martinez) - Ryan White Funding: This resolution urges early reauthorization of the Ryan White CARE Act, but includes language regarding allocation formulas that would be adverse to San Francisco. We are working to defeat this language at its hearing before the Senate Rules Committee on Monday, August 22.

Upcoming

I will prepare a formal end-of-Session summary once the Legislature recesses at the end of August. I will also report on the August 25 meeting of the CSAC Health and Human Services Committee, co-chaired by Supervisor Kevin Shelley, which will consider CSAC positions on the "Save Our State" and "Single Payor" Initiatives.

cc Honorable Rudy Nothenberg, Chief Administrative
 Officer
 Honorable Ed Harrington, Controller
 Honorable Louise Renne, City Attorney
 Mayor's Division Heads
 Mayor's Budget Staff
 Harvey Rose, Board Budget Analyst
 Marilyn Berry Thompson, Federal Advocate
 Pam David, Federal Coordinator
 Department Heads

MATERIALS FOR LETTERS OF SUPPORT

FOR SB 1364 (MARKS)

MEDICINAL USE OF MARIJUANA

DRAFT LETTER IN SUPPORT OF SB 1364

Honorable Pete Wilson
Governor
California State Capitol
Sacramento, California 95814

RE SB 1364 (Marks) - REQUEST FOR SIGNATURE

I strongly support SB 1364, Senator Marks' bill allowing for the medicinal use of marijuana, and urge your signature on the bill.

The effectiveness of marijuana in the alleviation of severe pain has been widely demonstrated. SB 1364 would become effective upon changes in the federal classification process, and would thus allow for the prescription of marijuana under the guidelines set out by the federal government.

SB 1364 is a simple matter of compassion. It will not present a law enforcement problem because it simply conforms the state of California to changes in the federal prescription formulary, and would have marijuana administered just as any other medication. I urge your "AYE" vote on SB 1364.

Sincerely,

cc Honorable Milton Marks, California State Senate

DRAFT SUPPORT LETTER FOR SB 1726 (Kopp):

SB 1726 provides for better collection of existing property tax law, by ensuring that commercial property owners notify local assessors when commercial property changes hands.

- o SB 1726 enhances enforcement of existing property tax laws by strengthening the penalties for fraud.
- o SB 1726 does not impose additional notification requirements, but ensures that commercial property owners comply with existing requirements when there is a change in ownership.
- o SB 1726 recognizes that financial transactions have become more complex, with property transferred in ways that are not fully taken into account under current law.
- o SB 1726 is consistent with State policies to encourage efficient collection of the property tax: County assessors must have the appropriate legal and administrative tools in order to effectively collect the property taxes due.

SB 1726 reflects the philosophy that we believe is shared by many Californians: the payment of property taxes is an obligation of all State property owners, and entities should not be able to escape them through sophisticated accounting or legal devices.

Send and address as follows

Honorable Pete Wilson
Governor
California State Capitol
Sacramento, California 95814

RE: SB 1726 (Kopp) - REQUEST FOR SIGNATURE

SUMMARY OF SB 1726 (KOPP)

SB 1726 provides for better collection of existing property tax law. The analysis you have before you is somewhat inaccurate; the author's amendments I present to you today will do the following:

- o Delete "negligence" from the penalty provisions so that they apply only to persons who fraudulently avoid paying the increased property taxes that result from a change in ownership.
- o Amends the penalty provisions so that they apply to the increased tax that results from the change in ownership. This is the same as existing law; the existing 25% penalty that is applied to the amount of taxes that were fraudulently avoided; our proposed 75% penalty is also applied to that amount.

Basic Provisions of SB 1726

- o SB 1726 does not affect the basic amount of property tax due: SB 1726 does not allow for adjustments in the property tax assessments or tax due; it helps counties enforce existing property tax laws.
- o SB 1726 enhances enforcement of existing property tax laws: SB 1726 strengthens the penalties for fraudulent avoidance of property taxes, and conforms the State's fraud penalties to those imposed by the federal Internal Revenue Service. The 25% penalty under current law poses too small a risk for violators; SB 1726 increases the penalty to 75% of the unpaid tax; similar to the fraud structure applied to federal personal income taxes.
- o SB 1726 continues to require that the property owner notify the appropriate State agency of the change in ownership and allows the calculation of past due taxes to be based upon compliance with existing notification requirements: Current law outlines the appropriate State agencies for changes in property ownership. For instance, the Secretary of State should be notified when there is a change in corporate control; other agencies are notified when there is a change in beneficial ownerships; etc. Current law also provides that such changes in ownership trigger reassessments of the property, and the property tax due. However, while the law requires that the change in ownership statement be filed with the appropriate government agency, this requirement is not factored into the determination of the statute of limitations period for payment of back taxes. As a result assessors may not learn of a change

in ownership (because of a failure to file as required by law) until it is too late for the collection of back taxes.

- o SB 1726 does not create an additional obligation of notification to county assessors: the filing of the change in ownership statement with the appropriate agency will be considered sufficient notice to the county assessor; no additional recordation or filing at the county level is required under the bill.
- o Adjustment of limitation periods: Currently, county assessors can assess past due taxes for four, six, or in rare cases eight years after the triggering event (i.e., the change in ownership), under specified circumstances. SB 1726 defines the filing of appropriate change in ownership statements as a triggering event, and allows county assessors up to six years to assess the past due taxes.

Why SB 1726 is Needed

- o SB 1726 recognizes that financial transactions have become more complex: Over the years, the methods for transferring ownership in commercial property have become increasingly complex. As noted above, commercial property ownership can be transferred through adjustments in the beneficial ownership under a corporate insurance policy; transfer of stock; and other means that are not fully reflected in the existing Revenue and Taxation Code. SB 1726 recognizes this increased complexity, and is intended to bring the Code up to date in this respect.
- o SB 1726 is consistent with State policies to encourage efficient collection of the property tax: Part of the concern that has been voiced by both the Governor and Legislature regarding the property tax shifts of the past few years has been the need to ensure efficient and effective collection of the property tax. It has been acknowledged that counties must have the incentive to collect the taxes that are due them, in order to ensure funding of State and local programs. SB 1726 is consistent with this recognition; county assessors must have the appropriate legal and administrative tools in order to effectively collect the property taxes due.

The City and County of San Francisco proposed SB 1726 after an incident involving a change in ownership that triggered over \$1 million in past due property taxes. This change in ownership only came to the City's attention after an emergency incident. The City may not have been aware that the property had changed hands until after the period had expired for at least a portion of the past due taxes.

SB 1726 reflects the philosophy that we believe is shared by many Californians: the payment of property taxes is an obligation of all State property owners, and entities should not be able to escape them through sophisticated accounting or legal devices.

OFFICE OF THE MAYOR

FRANK M. JORDAN
Mayor



BOARD OF SUPERVISORS

ANGELA ALIOTO
President

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Legislative Report.

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September 6, 1994

TO: Honorable Frank Jordan, Mayor
Honorable Angela Alioto, President and Members,
S.F. Board of Supervisors

FROM: Margaret Kislink
Director of Intergovernmental Affairs

RE: State and Federal Update

STATE MATTERS

The Legislature adjourned August 31 for the remainder of the calendar year. The Governor has until the end of this month to sign or veto the bills forwarded to him. Any bill that did not make it to the Governor's desk is dead, and would have to be reintroduced in future years.

Update on Sponsored Bills

- o Property Tax Notification - SB 1726 (Kopp): Awaiting the Governor's action.
- o Managed Care - AB 2755 (Lee): One of the last bills to leave the Legislature, our bill now includes the managed care structures for not only Alameda and San Francisco Counties but the State's "generic" language for counties that did not propose special legislation. Thus, the Governor's signature is expected, but letters of support would be welcome.
- o Needle Exchange: SB 1048 (Watson) did not make it out of the Assembly, but an identical bill, AB 2610 (Bronshvag) is on the Governor's desk. This bill is

also identical to last year's bill by Speaker Willie Brown, that allows for pilot needle exchange projects, starting with the one in the City and County of San Francisco.

- o Small Claims Court - AB 2937 (Cannella): On the Governor's desk; it was passed out of the Senate with little discussion and no opposition.
- o Stalking; Notification of Victims - ABX 95 (Burton): On the Governor's desk.
- o Medicinal Use of Marijuana - SB 1364 (Marks): On the Governor's desk.
- o Disabled Parking Permits - SB 1378 (Kopp): Signed by the Governor and enacted into law, effective January 1, 1995.
- o Presidio - AJR 90 (W. Brown/Burton): Passed and forwarded to the Congress.
- o Wrap Around Insurance - SB 1590 (Roberti): Died in the Assembly because of issues involving trade unions and worker's compensation insurance.
- o Red Light Surcharge - SB 1995 (Marks): Died in the Senate because of concerns ranging from cost to inconsistency with the State penalty system.

REMINDER ABOUT LETTERS: Letters of support to the Governor on our sponsored bills would be welcome; please let me know if you need draft letters.

Other Bills of Significance to San Francisco

- o AB 133 (W. Brown) - Landmarks: This bill, which would preempt the City's local landmark law as it applies to religious institutions and their properties, is on the Governor's desk. It received much debate in the Senate, where the City's opposition was noted several times.

The bill is not well drafted, and may be vetoed on those grounds. However, if it is signed by the Governor, the Speaker's Office has agreed to present a cleanup measure next year to ensure the grandfathering of existing landmark designations and other provisions.

- o AB 1826 (Gotch) - Property Tax Administration: This bill would provide \$50 million Statewide to the counties to assist in more efficient administration of the property tax. San Francisco Assessor Doris Ward was instrumental in the bill's passage. If signed by the Governor, the City will receive some monies for improved property tax administration.
- o AB 1333 (Gotch) - Confiscated Guns: The bill requires that all cities follow the model of San Francisco and others and destroy, rather than resell, confiscated weapons. It is on the Governor's desk. A similar measure by Senator Hayden, SB 822, did not get out of the Assembly.
- o AB 2788 (W. Brown) - Prop. 172 Maintenance of Effort: This bill would require that spending on public safety be held to at least the 92/93 level, plus adjustments based on Prop. 172 sales tax revenues. It is on the Governor's desk, where a signature is definite.
- o AB 2418 (Speier) - Price Discrimination: This bill would bar discrimination in pricing based solely on the client's gender. It is on the Governor's desk.
- o AB 2521 (Napolitano) - Hate Crimes: Would ensure that violence based on a person's homeless or certain other conditions is categorized as a hate crime, with enhanced sentencing penalties.
- o AB 2742 (Lee) - Local Control of Retail Liquor Outlets: Would provide for local input when ABC is deliberating over requests for new retail liquor outlets. On the Governor's desk.
- o AB 2897 (Caldera) - Retail Liquor Outlets: Would require that the ABC consider neighborhood conditions, including crime and the prevalence of outlets, when deliberating over requests for new retail liquor outlets. On the Governor's desk.
- o AB 2810 (Katz) - Domestic Partners: Would provide for domestic partner registrations and acknowledgement by hospitals and other entities. On the Governor's desk.

- o SB 2061 (Hart) - PERS - Domestic Partners: Would allow cities or counties to have a domestic partner receive retirement or health benefits. Failed in the Senate.
- o AB 3550 (Woodruff) - Drug and Alcohol Programs for Runaway Youth: Would fund special projects in San Francisco and Los Angeles. On the Governor's desk.
- o AJR 95 (Martinez) - Ryan White AIDS Funding: Would have called for a Ryan White funding formula adverse to San Francisco. Failed in the Senate.
- o SB 1239 (Russell) - AIDS Testing and Notification: This bill, sponsored by the California Medical Association, was drastically amended because of the concerns of AIDS and civil rights agencies as well as San Francisco. As written, it allows for the testing of blood without consent only if the blood was previously drawn and under certain specified conditions. On the Governor's desk.
- o SB 1770 (Alquist) - Enterprise Zones: Would expand the pool of employees who might be hired in an enterprise zone. In the final weeks, the bill was joined to other bills that could have effectively eliminated enterprise zone programs. We were able to separate the bills and ensure passage of SB 1770 as well as the viability of our current enterprise zone program.
- o SCA 12 (Kopp) - Salaries of Local Elected Officials: The proposed Constitutional amendment would have limited the salaries of local elected officials to that of the Governor. It failed in the Assembly.
- o Gun Control Bills: Most of the far reaching bills, including SBX 46 (Roberti), expanding controls on assault weapons, and ABX 37 (Burton/W. Brown), allowing for local controls on assault weapons, failed and thus did not reach the Governor's desk.

Please let me know if there are other bills you need information on, or if you need draft letters to the Governor on any of the bills listed above.

FEDERAL MATTERS

Crime Bill

As you know, the Congress passed the federal crime bill, with authorization for a variety of programs, including community police; violence prevention; and drug courts.

Most of these monies will not be available until federal fiscal year 1996, starting October 1, 1996. The monies available before that are primarily monies for community policing and criminal justice programs administered through the State.

Over the next few weeks, I and others will be working with State officials to assess the process by which they intend to allocate these monies, to ensure that we compete for these funds as effectively as possible.

Note that it is unlikely that we will see any of the Crime Bill monies before next spring at the earliest.

Presidio

The House of Representatives completed its consideration of HR 3433, Congresswoman Pelosi's legislation establishing the structure for the Presidio National Park. The legislation passed more or less intact, although the Army has administratively claimed a larger piece of the Presidio than some had originally expected.

Airport

Federal legislation governing airports was written so as to grandfather in existing sharing arrangements, such as the one whereby the City gets a part of the concession revenues generated at S.F. International Airport. These monies had been in jeopardy because of Congressional concerns sparked mainly by Los Angeles' efforts to fund police officers through additional airport fees. Such an effort would be barred by federal law.

The Congress is in recess until mid-September. Please let me know if you need additional information on pending state or federal matters.

cc Honorable Rudy Nothenberg, Chief Administrative
 Officer
 Honorable Ed Harrington, Controller
 Honorable Louise Renne, City Attorney
 Mayor's Division Heads
 Mayor's Budget Staff
 Harvey Rose, Board Budget Analyst
 Marilyn Berry Thompson, Federal Advocate
 Pam David, Federal Coordinator
 Department Heads

OFFICE OF THE MAYOR

FRANK M. JORDAN
Mayor



BOARD OF SUPERVISORS

ANGELA ALIOTO
President

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SF "State Legislative Representative.

Legislative Report

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October 17, 1994

TO: Honorable Frank Jordan, Mayor
Honorable Angela Alioto, President and
Members, S.F. Board of Supervisors

FROM: Margaret Kislink
Director of Intergovernmental Affairs

RE: Federal and State Update

SUMMARY OF LEGISLATIVE SESSIONS

As you know, the State Legislature adjourned for the year on August 31, with the Governor acting on all bills by September 30. The U.S. Congress recessed October 8.

At both the State and Federal levels, key pieces of legislation failed to pass because of a variety of reasons, including election year politics. The California Legislature failed to forward to the Governor bills that would have allowed for the control of handguns; for domestic partner retirement benefits for government employees; adjustments to the state endangered species act; and other measures. The Governor vetoed several of the gun control bills that did reach his desk; and a variety of legislation ranging from needle exchange or medicinal use of marijuana to a comprehensive domestic partner registration law. The Congress failed to pass legislation regarding the Presidio; early reauthorization of the Ryan White AIDS Care Act; and comprehensive legislation pertaining to safe drinking water, solid waste, telecommunications, health care, and other matters.

However, San Francisco was successful in several areas at both the State and Federal levels, ranging from the passage of State legislation allowing for MediCal managed care or improved local control of retail liquor outlets, to specific Federal earmarks for key San Francisco programs. The City also saw significant gains in its receipt of federal grants in aid.

This memo summarizes the results of the past State and Federal legislative sessions, and briefly outlines how I propose we go about preparing for next year's sessions. In a subsequent memo, I will provide a more detailed report on the City's receipt of federal earmarked funds and grants.

PREPARATION FOR NEXT YEAR

I will be asking department heads to update their relevant portions of the City's state and federal plans, in preparation for the State Legislative session that begins in early January, and the Congressional session that starts a few weeks later.

Because of the limit on the number of bills that State Legislators can introduce, as well as the earlier deadlines, I will be focussing first on State legislation. I would appreciate being advised as soon as possible of proposed San Francisco-sponsored State legislation. We are already considering these bills:

- Reintroduction of our bill regarding wrap-around insurance for construction projects;
- Cleanup of our MediCal managed care bill;
- Cleanup of the Speaker's bill regarding landmarking of religious institutions;
- Bills pertaining to social service records and the federal family preservation block grant;
- Language regarding the State SAHMSA drug prevention and treatment block grant;
- Addressing penal code sections pertaining to transit-related assaults and batteries.

Note that each sponsored bill must be the subject of a Board of Supervisors resolution signed by the Mayor.

In addition, we will be closely monitoring the funding formulas for a variety of block grants and State and Federal programs, including:

- Ryan White AIDS Funding;
- Allocations of Crime Bill related monies;
- Older Americans Act federal monies;
- Disproportionate provider MediCal payments;
- Transit capital and operating funds.

SUMMARY OF STATE LEGISLATIVE SESSION

San Francisco-Sponsored Bills

- o Property Tax Notification: The Governor signed SB 1726 (Kopp), which strengthens the penalties and requirements for the reporting of change in ownership of commercial property. I am especially grateful for the assistance provided on this measure by Supervisor Migden, City Attorney Renne, Assessor Ward and their staffs.
- o Impoundment of Vehicles Using Fraudulent Disabled Parking Placards: SB 1378 (Kopp) passed relatively easily, allowing for such impoundments as part of the comprehensive program developed and administered by the Department of Parking and Traffic.
- o Notification of Stalking Victims: The Governor signed ABX 95 (Burton), a bill suggested and supported by Supervisor Alioto, and supported by District Attorneys and others from around the State. The bill provides for the notification of victims and their families when a convicted stalker is released from custody.
- o Small Claims Court: The Governor signed AB 2937 (Cannella) a bill proposed by City Attorney Louise Renne, that will allow for continued savings resulting from actions up to \$5,000 being filed in small claims court.
- o MediCal Managed Care: In a relatively uneventful end to a contentious legislative process, the Governor signed AB 2755 (Lee), allowing for the establishment of our MediCal managed care program. The support and patience -- as well as the Sacramento presence -- of both Supervisor Leal and Dr. Hernandez were critical to this success.

- o Wrap Around Insurance: We were unable to get SB 1590 (Roberti) through the Legislature. The bill would have provided for the City to purchase insurance for major construction projects, reducing the cost of these projects and enhancing our ability to use minority and women owned firms. This was despite the hard work and support of Rudy Nothenberg and Keith Grand of his staff.
- o Presidio Resolution: The Legislature passed AJR 90 (W. Brown) in support of the federal Presidio legislation and establishment of the Presidio National Park. The resolution was introduced at the request of Supervisor Shelley and Mayor Jordan, and provided an indication of bipartisan California support for the Park.
- o Red Light Violations: Our efforts to allow for increased penalties for the running of red lights, in order to support traffic safety programs, were not successful despite the strong support and hard work of the Senior Action Network, City Attorney Louise Renne, and Supervisor Migden on SB 1995 (Marks). The failure was due to the potential Statewide cost of the bill and to concerns that it was inconsistent with the court restructuring plans that are underway.
- o Needle Exchange: Rather than forward two identical bills to the Governor, SB 1048 (Watson) was deferred in favor of AB 2610 (Bronshvag), an identical bill that also provided for the establishment of a pilot needle exchange program in the City and County of San Francisco as well as other jurisdictions approved by the State Department of Health Services. The Governor vetoed the bill; a copy of the veto message is attached.

Other Key Legislation

- o Landmarking of Religious Institutions: The Governor signed AB 133 (W. Brown), despite our opposition. The bill essentially prohibits the landmarking of properties owned by religious institutions. However, the bill is poorly drafted and it is unclear whether it protects existing landmark designations. Speaker Brown has agreed to author cleanup legislation to clarify that it only affects future designations, and to more clearly specify the public processes involved.
- o Gambling: The Governor signed AB 1418 (Tucker) allowing for three satellite wagering facilities in San Francisco.

- o Medicinal Use of Marijuana The Governor vetoed SB 1364 (Marks) which would have allowed for the medicinal use of marijuana if allowed by the federal government. A copy of his veto message is attached.
- o Elections: The Governor vetoed bills regarding implementation of the federal motor voter act -- AB 271 (Areias) and that would have allowed for broader absentee voter status -- AB 2446 (Bowen). The Governor included motor voter -- which requires that voter registration be simplified and made available in a greater variety of sites, including Department of Motor Vehicles offices and social service sites -- in his list of unfunded federal mandates and stated that California would not implement the Act unless federal monies are provided.
- o Local Control of Retail Liquor Outlets: the Governor signed all of the pending legislation on this issue, thereby allowing cities to use the conditional permit process to control adverse neighborhood effects; requires that ABC consider the concentration of liquor outlets when approving new licenses with special consideration for the greater number of outlets in San Francisco; and strengthens the ABC oversight and appeals process.
- o Gun Control: The Governor vetoed most of the pending legislation that reached his desk, including AB 1333 (Gotch) which would have barred the practice of police departments reselling confiscated guns. Other bills that would have allowed for local laws stronger than State gun control laws never reached the Governor's desk.
- o Domestic Partners: The Governor vetoed AB 2810 (Katz) which would have provided for domestic partner registration and related rights; a copy of the veto message is attached. SB 2061 (Hart), which would have allowed PERS to offer domestic partner benefits failed passage in the Legislature. Note that some City employees are on the PERS, rather than the City's retirement system.
- o Managed Care: The Governor signed AB 757, preliminary to the ongoing implementation of mental health managed care for MediCal patients; the first phase of this four-year process starts this month. Plans are also underway to implement managed care for dental services governed by MediCal.

- o Libraries: Bills that would have allowed for special tax assessment, and for bond monies for construction of libraries were either vetoed by the Governor or did not reach his desk.
- o Rent Control: We were successful in defeating attempts to limit or prohibit rent control, but the battle is a continuing one that is likely to be more difficult as the State Senate, in particular, continues its conservative trend.
- o Property Tax Administration: The Governor vetoed bills that would have provided funds for property tax administration by counties (AB 1826) as well as other bills aimed at improving the assessment appeals process. However, as noted above, the Governor did sign our bill, SB 1726 (Kopp) which strengthens the law regarding reassessments due to the change in ownership of commercial property.
- o Public Safety Mandate: As expected, the Governor signed AB 2788 (W. Brown) which defines a maintenance of effort requirement for use of the $\frac{1}{2}\%$ of the sales tax devoted to public safety. Essentially, the City cannot reduce the monies spent on public safety services in FY 1991-92, and must provide additional funding consistent with the growth rate of the State sales tax.
- o Coordination of Children's Services: The Governor signed AB 2488 (Bowen), relaxing rules regarding the sharing of information among agencies serving children.
- o Enterprise Zones: The Governor signed SB 1770 (Alquist), a San Francisco-supported bill that expands the pool of individuals who can be hired in enterprise zone sites. We are working to identify legislation that the City might support or sponsor that would further enhance our enterprise zone program.
- o Cesar Chavez Holiday: The Governor signed SB 1373 (Torres) which permits cities to negotiate a holiday for March 31, Cesar Chavez' birthday.

State Budget Earmarks

The Governor vetoed ("blue pencilled") our earmark for planning for the waterfront construction project, but signed a \$200,000 earmark for drug abuse prevention services to homeless runaway youth.

UPCOMING STATE ISSUES

Budget

The Governor's budget for FY 1995-96 is due January 10, 1996. It is expected to be one that further adversely affects local governments, because of the threat of the trigger as well as the State's difficult financial situation.

Restructuring

The Governor and certain key legislators have stated their intention to renew efforts to restructure the State-county relationship, potentially in the areas of trial court funding and administration; long term care and services to the elderly; and other health and welfare areas.

SUMMARY OF FEDERAL LEGISLATIVE SESSION

Attached is a comprehensive summary by our federal lobbyist, Marilyn Berry Thompson outlining the past federal session.

Note that Marilyn will be in San Francisco in early November, to assist in our planning for the next Congressional year.

* * *

I look forward to hearing of any questions or comments you may have.

cc Honorable Rudy Nothenberg, Chief Administrative
 Officer
 Honorable Ed Harrington, Controller
 Honorable Louise Renne, City Attorney
 Mayor's Division Heads
 Mayor's Budget Staff
 Harvey Rose, Board Budget Analyst
 Marilyn Berry Thompson, Federal Advocate
 Pam David, Federal Coordinator
 Department Heads

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October 11, 1994

TO: THE HONORABLE FRANK JORDAN

THROUGH: Margaret Kisliuk, Director of
Intergovernmental Affairs

FROM: Marilyn Berry Thompson

SUBJECT: OVERVIEW OF FEDERAL RELATIONS ISSUES, OBJECTIVES
SERVICES AND ACCOMPLISHMENTS FOR THE CITY AND
COUNTY OF SAN FRANCISCO

OBJECTIVE: Attached please find a detailed overview of the federal relations activities which have been undertaken on behalf of the City and County over the last 12-18 month period by our offices in collaboration with City and County officials and departments, and your Congressional Delegation.

It is divided into the following categories:

- o TARGETED FEDERAL APPROPRIATIONS
 - list of specific examples
 - effort to development comprehension, coordinated federal agenda, overview of needs and objectives
- o CAMPAIGN TO INCREASE FEDERAL GRANT SUPPORT TO SAN FRANCISCO
 - list of specific examples
 - description of overall effort to increase, coordinate, etc.
 - effort to ensure fair share to San Francisco from federal-to-state allocated funds in selected areas
- o THE CRIME BILL AND OTHER SELECTIVE ACCOMPLISHMENTS (FEMA, et. al.)
- o FEDERAL LEGISLATIVE EFFORTS
 - Specific list of issues in which we are actively involved
- o OTHER SERVICES

Preliminary Note: The City's effort and achievements were the result of a hard-working team involving me and my staff and a long list of city officials, department heads and their staffs. Throughout this report, I refer to the results of these collective efforts. This report would be quite unwieldy were I to specifically acknowledge the work of these many individuals, so I refer instead to "our" collective efforts.

OUTCOMES:

The City and County has achieved a broad range of effective accomplishments through this federal relations effort in the past year.

As you know, one of our objectives was to develop a coordinated, clean federal agenda for presentation to Washington in the Federal agencies and to the Congressional Delegation. After working with Mayor Jordan and his staff, and the department heads, and months of careful analysis of the needs, priorities, problems and projects involving the full range of City and County departments and offices, a coordinated agenda was presented to Washington. This, in and of itself, was considered an achievement, and was welcomed and appreciated in Washington. The document served as an ongoing resource for the Delegation and the agencies outlining our priority needs, providing basic, readily accessible information on key San Francisco projects and initiatives.

We are proud to be able to report that success or progress was achieved on virtually every item outlined in that agenda. Full resolution of the problem or full funding for every project may not have been achieved in all cases; but progress was made on virtually every category. This outcome would not have been possible without close coordination with the City and County officials and without the critical role played by San Francisco's Congressional Delegation in securing legislation, appropriations, and support for our grant applications to implement this agenda.

Highlights of these outcomes include:

- o Approximately \$44 million in special, targeted federal appropriations made available pursuant to our requested, coordinated federal agenda to our Congressional Delegation, and achieved through their efforts in tracking and shaping federal appropriations bills.
- o A highly successful federal grant-in-aid campaign, achieved through new interdepartmental collaboration and our federal funding grant information service, support by well-coordinated support strategies

involving the Congressional Delegation and federal agencies. This effort involved hard work and close collaboration between myself and Pam David of your staff, along with Larry del Carlo and Margaret Kisliuk. The development of a better coordinated and informed effort on the City's side is a particular achievement and Pam and Larry's efforts are especially noteworthy. The attached report outlines approximately 16 new high priority grants that have been approved to date. Several additional proposals are still under federal review.

FEDERAL APPROPRIATIONS FOR HIGH PRIORITY SAN FRANCISCO NEEDS AND PROJECTS

We have also initiated an effort to present our Congressional Delegation and the Administration with a coordinated, comprehensive overview of our needs and high priority projects. In the last 18 months this has led to a significant increase in federal appropriations directed to San Francisco:

- o Building on the over \$1 billion in federal, state and local funding assembled for this national model that will improve Bay area beaches and water quality, the \$40 million appropriation for the Richmond Transport project will enable us to successfully complete the funding and the project.
- o \$1.5 million for a highly focused project to assist the mentally disabled homeless.
- o \$1.1 million for a critical water reclamation project that will help alleviate water needs in the area and increase the source of valuable water supplies.
- o \$500,000 for a special project at the Laguna Honda Hospital facility that will enhance our ability to rehabilitate brain-injured and other non-elderly populations through new rehabilitation, training and counselling initiatives, returning these young people to more productive and satisfying lives.
- o \$500,000 to expand the capacity of the Office of Children and Youth to provide innovative and critical services to our children and maximize the investment that San Francisco has made in dedicating funds annually for the needs of children.

CAMPAIGN TO INCREASE FEDERAL GRANT-IN-AID SUPPORT TO SAN FRANCISCO

This has been one of our most effective and rewarding federal relations efforts. Over the last 18 months, definitive steps were taken to increase the level of federal support for critical San Francisco-based needs and projects. An interdepartmental task force was set up through the efforts of Larry DelCarlo and Pam David, working with Margaret Kisliuk, and serviced with information and lobbying support services through your Washington office. We wanted to ensure that no appropriate, essential source of federal grant-in-aid was missed; that more applications were generated and effectively crafted and supported; and that there was enhanced information and resource sharing to support this grant development effort among the departments.

We engaged in a regular comprehensive federal grant search and information service, providing the City with information on possible funding sources in approximately one dozen high priority critical areas. These reports are provided to Pam every 48-72 hours. Once a high priority grant has been submitted to the federal agency, we assist in organizing targeted support campaigns for those applications to ensure that all appropriate Congressional offices, committees and other key officials are alerted to the application, its strengths, and that appropriate support is generated for each application.

Overview/Outcome: The outcome has been that in the first round of this new effort, approximately two dozen grant applications were generated and targeted. To date, virtually every one of those has been successfully supported. The following is an overview of just sixteen (16) of these successful outcomes ranging from support for the homeless and disadvantaged populations, to housing and economic development, crime prevention and health services. Several applications generated are still being reviewed at the federal level, including applications for additional substance abuse prevention and treatment support, applications for additional homeless support grants, school-to-work career development initiatives, and our application to be recognized as one of the first Enterprise Communities.

For example:

- o Job Corps: We successfully competed and were selected as one of only nine (9) new federal Job Corps Center sites. While this "site selection" competition does not involve a specific grant award, it is estimated by USDOL that selection carries with it an estimated value of \$10-16 million. This was an intensive, national competition, and we can be proud of the collaborative effort.

- o National and Community Service/Summer of Safety: We were successfully selected as one of the first grantees in the nation by the newly organized Corporation for National and Community Service to participate in their Summer of Safety crime prevention initiative this summer. In addition, we were one of only eight Summer of Safety grantees selected to continue this program on a year-round basis to carry through on our Culture of Peace initiative. These awards include both operational funds in excess of \$150,000 and educational awards and stipends for 130 participants (80 summer/50 year-round).
- o Homeless Support: This has been one of our leading efforts, to identify and secure increased federal support that will provide truly effective assistance to the City and to our homeless populations. We were selected both in 1993 and again this year as one of a limited number of Shelter Plus Care awardees in the nation. Our first award was among the largest awarded in the country, and received among the highest scores awarded. Last week we received word that San Francisco was again successful for a two-year total of approximately \$11.5 million.

In addition, we assembled a major presentation to the Secretary of HUD directly, where he was accompanied by those responsible for homeless programs throughout HUD who were also present, to lay out full descriptions of our homeless initiatives and plans. Following that meeting, we were designated to participate in the recently announced Regional Homeless Initiative with eight (8) other Bay Area counties, involving an award of \$7 million. Final negotiations to enhance San Francisco's role and participation in this regional initiative were successful.

We have also submitted applications for a series of McKinney Act-based homeless grants, working with community-based organizations for supportive housing and related programs. We are currently awaiting word on these, and should have the answers sometime during the October/November period.

- o Housing and Community/Urban Development: In recent weeks, San Francisco has been awarded at least three significant awards through HUD. First, through the Department of Housing and Urban Development's new program for Community Outreach Partnerships, San Francisco and area universities were selected as one of the first grantees in the country to join forces on

community and urban development initiatives. The award totaled \$580,000.

Second, and most notable and significant, was our award of \$7 million through the HUD Section 202 senior housing program to implement an exciting public-private partnership agreement for the construction of senior housing and a new community school on the International Hotel site. This multi-generational project will enable a school facility in Chinatown now operating in a seismically unsound facility and setting, coupled with senior housing. This site has been vacant since 1978. These funds are being matched by commitments through the City and creative public-private partnership commitments.

Finally, we have also received confirmation of a \$1.68 million award to our public housing authority for Drug Elimination efforts.

- o Tuberculosis Center: We are especially proud of the funding secured both through special legislative efforts and through a highly selective grant competition that led to the designation of San Francisco General Hospital as one of the National TB Centers in the nation. First, authorization legislation calling for such centers was negotiated, followed by a \$5 million appropriation to support multi-year funding. These actions enabled the Centers for Disease Control to move ahead on the center competition and selection and to guarantee support for more than one year. This designation and award would mean approximately \$1 million per year for San Francisco General Hospital.
- o Base Closure, Economic Conversion and Development: We were awarded funding through the Economic Development Administration and through the Department of Defense to implement a coordinated series of plans to effectively convert our bases to productive domestic purposes. This award represented approximately \$1 million in assistance.
- o Telecommunications/Information Infrastructure: We were one of the first sites selected nationally for the new Telecommunications Information Infrastructure Grant program. We will receive just over \$400,000 for an innovation information network initiative through our Public Library system. This is part of President Clinton's new Telecommunications Information Superhighway program for which he has just announced the first \$25 million in awards. The project would provide a city-wide electronic information resource

linking the city's public service departments, including all of its human services departments, Civil Service, and municipal transit. Job opportunities as well as services would be more effectively communicated to a broader range of citizens.

- o Economic Development Initiative of HUD: San Francisco has also just been selected as one of only eighteen (18) initially selected and approved by HUD in the country, the first EDA awards in the country. This is also a brand new Administration program intended to expand HUD's role more effectively into economic development initiatives that are compatible with HUD's community development and distressed community objectives. The City will receive \$600,000 in support to enhance an economic development loan fund to assist neighborhood revitalization efforts, micro-enterprises, and the creation of small and medium-sized businesses that will increase job opportunities for low-income and disadvantaged individuals in distressed neighborhoods.
- o Human Services Grants: We have also been awarded a grant for \$80,000 to serve as one of the national demonstration project sites by the Department of Health and Human Services for a Food Stamp Delivery Demonstration Project that will enable the City and the County to more effectively implement and administer Food Stamp benefits and services to distressed populations.
- o Youth Gang Drug Prevention Program: Our Police Department has been awarded approximately \$100,000 in federal assistance for Youth Gang Drug Prevention work. The grant will enable the Department's Youth Programs Division to work collaboratively with six community-based organizations and 17 city departments that will target prevention efforts on 9-12 year olds in targeted neighborhoods.
- o Community-Policing Grant: But, capping off our grant campaign has been the awarding of \$2 million for our Community Policing effort. This was one of our highest priority objectives, and with the signing of the Crime Bill and the implementing appropriations, the Department of Justice selected San Francisco as one of its first grantees under the new Crime Bill initiative. San Francisco was recognized at a special White House ceremony for this achievement, joining the other recipients of the first \$200 million in awards made under the Crime Bill.

- o Outstanding Efforts: There are still additional grants which have been submitted as a result in part of our federal grant campaign and coordinated effort. These include applications for expanded services to the Homeless through the McKinney Act program for Supportive Housing and related programs; our application to be selected as a School-to-Work Career Initiative that will support a comprehensive collaborate of all major educational, City, County government agencies with private industry, labor and youth organizations; and yet an additional substance abuse prevention initiative through the Safe Haven program, and our application to be selected as an Enterprise Community through HUD. Final decisions on these awards should be made throughout the October/November period.
- o Campaign To Increase Federal-to-Substate Grant-in-Aid Allocations to San Francisco: We have also embarked on a stepped-up effort to enhance federal support to San Francisco through those several large federal grant-in-aid programs that are allocated directed to the State. San Francisco has not always fared well in the subsequent sub-state allocation process. Accordingly, we have embarked on some targeted initiatives to increase that allocation. More intensive efforts are underway in several key areas including: Byrne Justice Assistance formula funds; Juvenile Justice and Delinquency Prevention funds; Administration on the Aging; a range of Substance Abuse programs. The issue is not only and always sub-state funding allocations. Several federal grant-in-aid programs delegate designation/approval authority to the states, requiring us to secure State support first, before federal aid can be secured. This will be the case, for example, in certain of the Crime Bill-supported programs. We are taking steps to more clearly identify these approval/designation issues and tackle these at the State level as well.

OTHER SELECTIVE, TARGETED OBJECTIVES/OUTCOMES

- o The Crime Bill

We are especially proud of the role that we played in moving the Crime Bill forward. In January of this year, we met with members of the California Delegation focusing on our community policing initiatives and crime prevention issues and then attended a special White House Summit on Crime with the President, Vice President, Attorney General, Cabinet

Members and White House staff to develop the Crime Bill provisions.

We played an active and strong role in pursuing the Brady Bill and working towards its passage, attending White House special sessions and ceremonies on this effort.

We helped organize a national rally in Washington on the Crime Bill with other mayors, police chiefs, local leaders, Congressional leaders. We met repeatedly with the Attorney General and others at the Department of Justice to work on this legislation and the specific needs and efforts of San Francisco.

This effort culminated in the selection of San Francisco for \$2 million in support for Community Policing as one of the first awardees selected under the new Crime Bill auspices.

Now we have organized a highly coordinated and intensive effort to track down each and every element of the Crime Bill that may benefit San Francisco. We are organizing an interdepartmental strategy now to pursue the maximum support possible for San Franciscans from this legislation, from additional community policing to crime prevention, from substance abuse to drug courts and innovative juvenile incarceration/rehabilitation alternatives.

We will pursue each and every component of this legislation that makes sense for the City, including programs to prevent and reduce violence against women and children.

o The Settlement of Funding to Repair City Hall from The Federal Emergency Management Administration (FEMA)

After years of no progress in settling this dispute, we embarked on a determined strategy this year to bring this issue to a final resolution, and we were successful. This summer FEMA, after initially planning to offer us under \$20 million in assistance and reimbursements, negotiated a settlement that would provide \$105 million in eligible costs. This represented one of the largest settlements on a public facility in the history of FEMA and in the country.

o Presidio Legislation

Through the leadership of our Congressional Delegation, we are on the verge of success in finalizing federal legislation that will assist us in creating one of the largest and most innovative national parks in the country. The effort to establish the Presidio National Park involved most city departments and the work of many city officials. We testified before Congress. We assisted in efforts to

secure approval of the legislation at the committee level and in the full House, and to stave off several attempts made to undermine Presidio legislation and funding. Our delegation leaders worked endless hours to attempt to perfect federal legislation and to secure significant federal support for this invaluable San Francisco resource. Unfortunately, the Presidio legislation was temporarily killed for this Session when in the closing hours of the Session, a handful of Members blocked the bill procedurally. This effort will be reinitiated in January.

o Airport Development Legislation

This year has been an especially active one at the federal level with regard to Airport Development legislation. We were fortunate this year to stave off legislative proposals that could have cost San Francisco's budget over \$15 million a year in losses.

o Medicaid and Related Assistance for San Francisco General

We were also successful in participating in a coalition of public health interests to stave off Congressional proposals this past year that could have significantly hurt San Francisco General Hospital and reduced significantly the federal assistance we receive to provide care for the indigent. We helped formulate federal legislation that preserved funding for San Francisco.

This followed success by the Department of Public Health and San Francisco General in securing a federal designation for San Francisco General as a Federally Qualified Health Center as a result of a focused, long-term effort legislatively and administratively. This designation will enable San Francisco to receive increased Medicaid assistance and support and provide enhanced service delivery.

Legislation was also approved by the House of Representatives and a House-Senate Conference Committee providing significant reimbursement to San Francisco General for Medicaid-related prescription costs. Unfortunately, the legislation which embodied this provision -- the Minority Health Improvement Act -- was blocked through a procedural motion in the closing minutes of the Congressional Session. The effort to revive this provision and legislation will be reinitiated in January and should be approved in 1995.

o Treasure Island

We are involved in a number of efforts and projects related to Treasure Island. We played a role in successfully

eliminating federal regulatory issues that would have precluded critical film projects from proceeding at Treasure Island. Working with the Navy and DOD officials, an effective solution was negotiated enabling two new movie production projects to move ahead. We are continuing to work on the Base Closure regulation issues and related homeless use and access issues. Legislation facilitating the effective conversion of Treasure Island and addressing the needs of the homeless was successfully shepherded through Congress in the closing hours through the efforts led by Senator Feinstein. Our office was actively involved. Third, we are actively engaged in negotiating a solution for the Treasure Island Navy Museum that should enable its retention and continued support and operations. This effort is still ongoing.

FEDERAL LEGISLATIVE EFFORTS

In addition to our campaigns to secure targeted federal appropriations and increased federal grant-in-aid, we have been playing a very active and responsible role in tracking, monitoring and attempting to shape a wide range of federal legislation to protect and/or advance the needs of San Francisco and its citizens. This legislative effort involves a broad range of significant issues. Please note that on a number of these legislative matters action was not complete by the end of the session. Therefore, these legislative items remain on our agenda. These include:

- Health Care Reform
- Medicaid Legislation to Support and Continue Support for San Francisco General
- Minority Health Improvement Act and Prescription Reimbursement
- Ryan White AIDS CARE Act
- Public Health Service Act Amendments for Minority Health, Substance Abuse and Nursing
- Clean Water Act
- Safe Drinking Water Act
- Interstate Solid Waste and Flow Control Legislation
- Superfund
- Economic Development Administration

- Airport Development
- Base Closure
- Telecommunications, Cable Legislation
- Housing and Community Development
- Homeless Legislation'
- School-to-Work and Reemployment Act Legislation
- National Highway Systems
- Welfare Reform and Child Support Legislation
- Ryan White Reauthorization
- Unfunded Mandates
- Immigration, Alien Legislation
- Port Development and Related Issues

OTHER SERVICES

We provided the following services on a daily/weekly basis to the City and County:

- o LEGISLATIVE INFORMATION, TRACKING AND REPORTING
- o FEDERAL GRAND AND FUNDING INFORMATION SERVICE

In addition, we also provided the following:

- o ORGANIZATION OF MEETINGS ON HIGH PRIORITY ISSUES;
We actively organized a series of high-level meetings for City and County officials with Federal Administration and Congressional Delegation Members and Committees including sessions involving;
 - Our coordinated Federal Agenda, Special Appropriations Requests and High Priority Grant Requests
 - Homeless Funding for San Francisco
(Meeting with the Secretary of HUD and related HUD officials, series of meetings for City Departments and Supervisors with HUD, VA, HHS on Homeless needs and projects)

- Substance Abuse Funding
(Meetings with the leadership of HHS, the White House Drug Czar, Treasury and Justice Department officials)
- Criminal Justice Funding
(Meetings with the Attorney General on two occasions, other Justice Department officials)

A series of meetings was organized with the Congressional Delegation to review and strategize federal funding and legislative support for high priority San Francisco projects -- ranging from the homeless to FEMA Earthquake Disaster Assistance to substance abuse to homeless, AIDS to health care reform.

- o LINKAGE WITH KEY NATIONAL ASSOCIATIONS REPRESENTING SAN FRANCISCO INTERESTS -- so that San Francisco's positions and needs were more effectively incorporated into their agendas and efforts; so that lobbying efforts on key national legislation and federal funding programs were enhanced and coordinated; to maximize the benefits received by the City and County from such organizations and national coalitions (e.g., US Conference of Mayors, National League of Cities, National Association of Counties).

- o LOGISTICAL SUPPORT

Our offices provided a broad range of logistical support services for City and County officials and agencies:

- Organization of Meetings, Appointments
- Briefing Materials on Key Issues for City/County Officials, Federal Agency officials, and Delegation Members and Staff

- o BUDGET ANALYSIS

Our offices prepared in-depth analyses for the City and County on Federal Agency Budget proposals, their potential as sources of increased support, early warning of potential reductions and cutbacks. These briefings were in both written and oral form, and were provided immediately after the submission of the President's budget to Congress. This same process will be repeated in January of 1995 when the new FY1996 Federal Budget will be unveiled. These budget documents play a role in shaping our entire Federal

Agenda for the year, our federal grant and program development strategy, and our federal legislative and appropriations agenda.

OFFICE OF THE MAYOR

FRANK M. JORDAN
Mayor



BOARD OF SUPERVISORS

ANGELA ALIOTO
President

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*"SF" State Legislative Representative
= Legislative Report*

November 10, 1994

TO: Honorable Frank Jordan, Mayor
Honorable Angela Alioto, President and
Members, S.F. Board of Supervisors

FROM: Margaret Kislik *MK*
Director of Intergovernmental Affairs

RE: Preparation for Upcoming Legislative Sessions

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IMPLICATIONS OF RECENT ELECTION RESULTS

The City's legislative strategies at both the state and federal levels will heavily depend upon the election results, several of which are still in doubt. The City's federal strategy will be dictated by the final outcome of the U.S. Senate election, and the changes in committee assignments and chairmanships following the Republicans taking of the leadership of both houses of Congress.

At the State level, the leadership of the Assembly is in question. It is unclear whether the Democrats will retain control of the State Assembly, and whether Willie Brown will retain the Speakership. There is a widespread perception -- among members of the Legislature, other cities and counties, and many others -- that San Francisco has benefited disproportionately and unfairly over the years because we have been represented for so long by the Assembly Speaker (Willie Brown and before him Leo McCarthy) as well as by other powerful members of the Legislature. The loss of the Speakership will present opportunities to reverse this trend and, as it has been expressed to me, "get" San Francisco. Two such opportunities will occur this Legislative year; the development of the allocation formulas by which the Governor and Legislature seek to balance the State budget by reducing subsidies to or transferring funds from local governments;

and the proposed methodologies by which the State will restructure key health and welfare and justice programs. Note that in the past few years the resentment against San Francisco had limited our representatives' ability to seek special considerations for S.F. programs; this will be limited even further by the changes in the composition of the Assembly, even if we continue to be represented by the Speaker.

Thus the threshold question that must precede the development of our State and Federal legislative plans is an assessment of the degree to which our advocacy efforts would be best spent on maintaining our current programs and funding allocations, balanced against proposals for new legislation or funding.

I have listed below some of the upcoming deadlines and activities regarding our preparations for the upcoming legislative sessions. As noted above, much will have to be reassessed once we have the final outcomes of key State and Federal legislative races.

STATE MATTERS

State Legislative Plan

Our comprehensive plan outlines the City's broad advocacy strategies, and allows the City to take positions on bills or proposals without a specific Board of Supervisors resolution or State Legislative Committee action, if there is no time to secure such an approval. I have asked each department to update their portion of the State's legislative plan, and hope to be able to present the updated version for approval to the State Legislative Committee, and subsequently the Board of Supervisors, no later than January.

State Budget

The FY 1994/95 budget provided for a "trigger" mechanism, entailing periodic assessments of the State's cash flow position and revenue projections, and setting forth a series of budget cutting deadlines. The first such assessment is to occur November 15. If the State does not have the required revenue and cash balances, the Legislature and Governor will have until February to develop budget cutting solutions or automatic cuts will occur in almost all State programs except for schools and debt service. Current projections are such that the November 15 assessment will not activate the trigger.

The federal Health Care Financing Administration has questioned the "SB 910" MediCal claims; both the City's and the State's budgets are partially based on these claims. We are awaiting the resolution of this state-federal dispute, and will then assess its budgetary implications.

However, the State's FY 1995-96 budget will have to address a deficit of between \$2 and \$5 billion. It is likely that the Governor's proposed budget, to be released January 10, 1995, will include further cuts impacting San Francisco and other local governments, as well as a resurrection of last year's health/welfare/justice restructuring proposal.

State Legislation

I have asked department heads to advise me by this week of any State legislative proposals. All Legislative proposals will have to have an author identified by early January at the latest. Note that all Assembly members and Senators face a limit on the number of bills they can introduce. In addition, the potential change in the leadership of the Assembly will necessitate our seeking cosponsors of our legislation wherever possible; cosponsorship decisions are being made now.

In other words, I need to know as soon as possible, from Supervisors as well as department heads, of any State Legislation the City will be asked to propose. I am currently aware of about ten pieces of proposed legislation, an agenda that is fairly ambitious, given the changes in the makeup of the Legislature.

COMBINED STATE AND FEDERAL MATTERS

Crime Bill

The passage of the federal crime bill entails activities at both the federal and state levels. Current efforts are focussing on the programs funded for federal fiscal year 1995, which started October 1, 1994:

- o Community Policing: The City received \$2 million in the first round of community policing grants. In the next few weeks the guidelines should be released for applications for the rest of the monies, \$550 million of which will be designated for large jurisdictions such as San Francisco. The Mayor's Office and Police Department are preparing to apply for these monies as well, although the application packets are not yet available.
- o Byrne Formula Block Grant: The State will get \$44 million in a block grant; about 2/3 of this must be distributed to local governments for a variety of criminal justice purposes. A public hearing on the State's proposed distribution of these monies will be

held in South San Francisco on November 17. In January, the January, the Governor will submit his proposed allocations and spending priorities to the Legislature for its required approval.

- o Monies for Boot Camps: \$24.5 million nationally will be available for states to apply for the construction of boot camps. California has not yet decided how it will apply for these monies, and whether any will be passed on to local governments.
- o Violence Against Women: \$26 million in direct federal-local grants will be available nationwide. Grant application materials are expected in about a month.
- o Drug Courts: \$29 million is available nationally for federal-local grants for Drug Courts. The guidelines for application for these funds is expected in about a month. It is unclear at this point whether the guidelines will favor existing or startup programs. Note that the City is currently working to establish a drug court program, partially based on the \$300,000 in Target Cities substance abuse seed money to be administered by the Health Department for substance abuse services.
- o Other Current Grant Opportunities: The other grant opportunities currently available focus mainly on school-based services.

While the guidelines for application for any of the programs listed above are not yet available, we understand that all will emphasize collaborative efforts involving various government departments, community groups and others. We expect most of the grant application materials by the end of the year; Marilyn Thompson and her staff are closely monitoring on our behalf the development of the regulations governing these grants.

Note also that it is unclear whether the changes in leadership of the Congress will affect the programs that were to be funded in federal fiscal year 1996 and beyond. Many of these involve prevention programs that have been characterized as unnecessary by key Republican leaders.

FEMA

The federal government has completed its final review of the costs of repair of City Hall, acting on an appeal from the State's Office of Emergency Services. As it currently stands, the federal government will pay \$105 million of the \$181 cost of the seismic retrofit and restoration. While it is our position that the Disaster Act requires that the State pay the remaining costs, it is unclear at this point whether we will have difficulty getting State monies for costs beyond the State's 25% federal match requirement.

FEDERAL MATTERSMarilyn Thompson Visit

Our federal lobbyist, Marilyn Thompson, will be in San Francisco in early December. We will work with her on our federal priorities for the 1995 Congress.

Federal Plan

Department heads have been asked to submit to me, by this week, their federal legislative and budget priorities, for the development of our comprehensive federal plan. This plan will be presented to our Congressional delegation and other key Congresspeople in January.

Please call me (554-7571) if you have questions.

cc Honorable Rudy Nothenberg, Chief Administrative
 Officer
 Honorable Ed Harrington, Controller
 Honorable Louise Renne, City Attorney
 Mayor's Division Heads
 Mayor's Budget Staff
 Harvey Rose, Board Budget Analyst
 Marilyn Berry Thompson, Federal Advocate
 Pam David, Federal Coordinator
 Department Heads

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SF "State Legislative Representatives"

Legislative Report.

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November 14, 1994

TO: Honorable Frank Jordan, Mayor
Honorable Angela Alioto, President and Members,
S.F. Board of Supervisors

FROM: Margaret Kisliuk
Director of Intergovernmental Affairs

RE: More Election Stuff

Over the next month, both Marilyn Thompson and I will be getting you more detailed information and updates on the composition of the State Legislature and Congress, and the implications for San Francisco. In the meantime, I thought I'd relay a few pieces of information.

STATE MATTERS

Attached is an article from today's Los Angeles Times (Attachment A) with the latest on the Assembly Speakership battle. As you know, the Senate will remain under the leadership of Pro Tem Bill Lockyer (D-Hayward).

The change in composition of the Legislature will have implications for a variety of programs. So far, I have heard of proposals to preempt rent control ordinances (there are fewer supporters of rent control in the Legislature this year); to eliminate affirmative action and contract preference programs that "favor" on the basis of race; changes in tort law; and others.

FEDERAL MATTERS

Attachment B is a copy of the "Contract for America" that was signed by the House Republicans. Future Speaker Gingrich has said that he intends to propose all of the elements of the contract, in the hopes of at least introducing them as soon as possible in the new Congress. Among the items included in the Contract are allowing for cessation of welfare (AFDC) after two years, or to mothers under 21 years; prayer in public schools; zero-based budgeting; and others.

There has been some discussion of converting the Crime Bill's future appropriations to a block grant that does not dictate how monies must be spent within an individual state; or wholesale elimination of the \$6.9 billion in prevention programs (as noted in Item number two in the contract).

Representative Kasich (R-Ohio), the future chair of the House Budget Committee and a co-author of last year's "Penny Kasich" amendment focused on elimination of "pork", has stated his intention to make both retroactive and prospective cuts in programs deemed to be pork, which could include some federally-funded programs in San Francisco.

I look forward to reporting more positive rumors in my next memo, and to providing further details on how we propose to adjust our State and Federal legislative programs to better suit the changes in control of the Congress and, perhaps, the State Legislature. Note that for the rest of this week I will be attending the California State Association of Counties (CSAC) meeting in Long Beach, but will be checking for messages.

cc Honorable Rudy Nothenberg, Chief Administrative Officer
 Honorable Ed Harrington, Controller
 Honorable Louise Renne, City Attorney
 Mayor's Budget Staff
 Mayor's Division Heads
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 Pam David, Federal Coordinator
 Department Heads

ifornia and the West



Stockton City Councilman Nick Rust, who proposes to allow residents to carry concealed guns, says, "My ultimate goal is to make Stockton a safer place for people to live."

J. PATRICK FODEN / For The Times

Proposal to Let Residents Carry Guns Divides City

weighs Idea Opposed by Mayor, Police Chief

Stockton City Councilman Nick Rust, a member of the National Rifle Association, is pushing a new plan to fight crime by allowing citizens the right to carry a gun whenever they leave their homes. Rust, 48, says the plan is to make Stockton a safer place for people to live. "My ultimate goal is to make Stockton a safer place for people to live," Rust says. "I want to make Stockton a safer place for people to live." Rust's ordinance would strip away the city's discretion and require him to issue a permit to anyone who did not fall into certain undesirable groups, such as convicted felons, the mentally disturbed, illegal immigrants and known gang members, drug users and people with alcohol problems. Applicants also would be required to pay a fee and pass a gun safety course, such as the one offered by Citizens for a Better Stockton. Chavez said the measure would tie his hands and could endanger his officers during routine encounters.

Willie Brown Hopes to Play Houdini Again

■ **Politics:** Republicans are itching to oust the longtime Democratic Speaker of the Assembly, but he is mustering all his legendary savvy to stay in power.

By MARK GLADSTONE and JERRY GILMAM
TIMES STAFF WRITERS

SACRAMENTO—Ecstatic Republicans in the state Assembly are rejoicing over their crushing victories in last Tuesday's election and are ready to hand Willie Brown—the wily veteran lawmaker and symbol of longtime Democratic preeminence—his walking papers.

But they just might be moving too fast.

Brown didn't become the state's longest-reigning Speaker or one of the nation's top African American officials by happenstance. Ever the consummate politician, Brown is at his best when his own political survival is at stake, as it is now.

Conservative GOP Assemblyman Richard Montjoy, long a thorn in Brown's side, knows Brown as a master political magician and tactician whose acumen and instincts make him a formidable opponent. He is one step ahead of his political enemies, and what you see is not necessarily what's there.

Brown, Montjoy cracked, has gotten out of more boxes than Harry Houdini.

As the longest-serving member of the Assembly, Brown, 60, has an encyclopedic knowledge of the Assembly's rules and how to manipulate them to his best advantage. What he knows perhaps better than anyone is what motivates members on both sides of the aisle—greed, ambition or power.

He keeps members of the Assembly happy—even intervening, as he did a few years ago, to help a Republican assemblywoman whose daughter had received a number of traffic tickets.

Though a liberal, he is not an ideologue or a policy wonk. Keeping the Speaker's office, and its clout and its prestige, is what seemingly drives Brown most of all.

"He's not going to let this go without a fight," acknowledged Phil Perry, spokesman for Assembly Republican Leader Jim Brulte, 38, who was first elected to the lower house in 1990. "He'll try every trick that's available to him."

The Brulte-led GOP scored major advances on Election Day, gaining at least seven seats and, at minimum, deadlocking the 80-member Assembly 40-40. But it takes 41 votes to elect a new Speaker.

When absentee ballots are counted, Brulte expects to pick up one seat now held by Democrats in the Long Beach area and possibly another close race in Stockton. Democrats still believe they have an outside chance to capture two Monterey-area seats where their candidates trailed.

While Democratic Assembly employees scurry to compile resumes for job hunting, Brown is showing no signs of cracking. In fact, he seems to be relishing the fight, bantering with reporters and asserting that, when all is said and done and the votes are counted Dec. 5 when the new Legislature convenes, he will remain Speaker.

"I don't think anyone else has 41 [votes]," he declared late last week.

Emerging from the civil rights movement of the 1960s, Brown, the shy and flamboyant lawyer, was the product of a segregated childhood in Texas, has



Willie Brown has been Speaker since 1980.

Attachment
A

in many California communities are guns off the streets. But has a ordinance that would allow as 40 people—most of Stockton's adult obtain a concealed weapon permit. The goal is to make Stockton a safer place to live," said the 48-year-old management consultant. "What people have the right to defend

al has sharply divided this San city, which gained national attention when a gunman opened fire a rifle on children in a schoolyard, slaying 24. The tragically inspired federal assault rifle ban.

Mayor and police chief, as well as school groups, strongly oppose the measure—which would be the first to make it easier to obtain concealed guns. They argue that arming the public would lead to domestic violence and accidental shootings.

g we know about firearms misuse us this sort of approach is insanity," says the regional director of the National Rifle Association. "It can only do one thing, lead to the epidemic of injury and death

its merits, facts and supporters agree there's a good chance of passing laws before the seven-member City Council.

sal has struck a chord with many who are fed up with crime and the police to protect residents. "Criminals carry guns no matter what," said Henry Dunn, manager of the Stockton gun store. "Why not give the law-abiding citizen?"

Stockton proposal, the National Rifle Association supporters hope to bring to the same kind of standards already in place in nine states, which greatly expanded the number of people who can carry loaded guns.

we allow citizens to keep loaded guns in their homes or businesses without a permit but as occur elsewhere, they say.

the value of this program is to put the notice that law-abiding citizens are no longer going to be unarmed. Jale Thurston, a leader of Citizens for a Stockton, a group affiliated with the NRA, handles and safety courses.

nia, state law leaves it up to police county sheriffs to decide who should be armed. This permits permits. Such permits are harder to carry a hidden, loaded weapon in the state, except in restricted areas such as courts and courthouses.

el, law applicants for concealed weapons must have a good moral character and have no criminal or history of mental problems. Applications issue relatively few permits to carry a concealed weapon. In all of Los Angeles County, with a population of 8.2 million, the Department and city police chiefs issued concealed weapon permits through for every 14,936 people.

could qualify for a concealed weapon permit without having to prove any special need. But after receiving approval for his own permit after receiving threats—argues that the level of crime in the city is sufficient need for anyone to carry a gun.

But a ordinance would strip away the chief's discretion and require him to issue a permit to anyone who did not fall into certain undesirable groups, such as convicted felons, the mentally disturbed, illegal immigrants and known gang members, drug users and people with alcohol problems.

Applicants also would be required to pay a fee and pass a gun safety course, such as the one offered by Citizens for a Better Stockton.

Chaves said the measure would tie his hands and could endanger his officers during routine encounters with the public. If the ordinance passes, he said, he is likely to challenge it in court before agreeing to issue permits on a wide scale.

We have a certain population that carries weapons illegally," the chief said. "I don't think the way to solve that is to arm everybody else."

Supporters of the measure cite Florida, with a population of 13.7 million, passed a similar measure in 1987 and has since issued more than 227,000 concealed weapons permits—one for every 60 people. Proponents say violent crime has dropped the state since passage of the law and contend that accidental shootings have not increased.

But critics and law enforcement officials say data has not been collected to show whether the law has contributed to a decrease in crime or resulted in a greater number of accidental and domestic shootings. "There's no way to tell," said Detective Juan del Castillo, a spokesman for the Metro-Dade Police Department in Miami.

In recent years, the movement to arm members of the general public has gained strength with the passage of similar laws in Oregon, Washington, Idaho, Arizona, North Dakota, South Dakota, Maine, West Virginia and Georgia.

Yet during the same period, a number of big cities have initiated a variety of gun exchange and buy-back programs designed to take guns out of circulation.

Foes of the Stockton proposal say it will bring back the days of the Wild West and prompt shoot-outs in the streets among armed civilians. They also fear that children will be more likely to die in tragic accidents as they find guns in more accessible places, such as purses and auto glove compartments.

Critics contend that even Patrick Purdy, the deranged drifter who gunned down 34 children and a teacher at Stockton's Cleveland Elementary School in 1989, theoretically could have qualified for a concealed weapon permit under the standards of the proposed ordinance.

"I just don't think it's good public policy for people to carry guns around on the streets or in their cars when we have a culture with such a high incidence of alcohol problems and people walking around with undiscovered mental problems," said Andrew McGuire, executive director of the Pacific Center for Violence Prevention in San Francisco.

Stockton Mayor Joan Darrah says the city has succeeded in reducing violent crime by 5.5% in the last year.

Please see GUNS, A23

to pick up one seat now held by Democrats in the Long Beach area and possibly another close race in Stockton. Democrats still believe they have an outside chance to capture two Monterey-area seats where their candidates trail.

While Democratic Assembly members scurry to complete resumes for job-hunting, Brown is showing no signs of cracking. In fact, he seems to be relishing the fight, bantering with opponents and asserting that when all is said and done and the votes are counted Dec. 5 when the new Legislature convenes, he will remain speaker.

"I don't think anyone else has 41 [votes], he said last week.

Emerging from the civil rights movement of the 1960s, Brown, the glib and flamboyant lawyer, the product of a segregated childhood in Texas, has become a towering figure in California politics. As Speaker since 1980, he has adroitly wielded the power of the office to raise tens of millions of dollars from special interests on behalf of Democratic candidates, who then pledge their loyalty to him.

Indeed, former Assembly Republican Leader Pat Nolan of Glendale secretly complained to the FBI about Brown's fund-raising practices, according to documents made available to The Times earlier this year. In six conversations in the mid-1980s, Nolan told agents that Brown manipulated the system to raise campaign money. But Brown was never charged with wrongdoing in the lengthy federal probe of corruption in the Capitol, while, ironically, Nolan earlier this year pleaded guilty to political corruption charges and is now in prison.

As Speaker, Brown has not enforced a strict liberal ideology on his members, more often working out compromises between his caucus and Republicans. During his 14-year reign, Brown has sought to allow his members to take credit for major bills. His own legislative credits have been, in comparison, more modest, limited to pushing a mandatory seat belt law and, in recent years, collaborating with Republican Gov. Pete Wilson to help businesses and to hammer out state budget deals.

Earlier in his legislative career that began in 1964, Brown helped push through a bill to decriminalize marijuana use in small amounts and a "sexual bill of rights" that legalized all forms of sex between consenting adults.

In the past, some colleagues maintained that behind the scenes Brown mostly acted as a "groundskeeper" focusing on holding his Democratic majority together, while not taking strong stands that would split his caucus.

But in the Election Day Republican tidal wave, Brown's campaign machine uncharacteristically spluttered and failed to get out the Democratic vote, leaving his colleagues feeling as if they just survived the St. Valentine's Day massacre.

Even if Brown holds on to the Speakership, Democrats predict he will need to take a new tack. Citing the closely balanced power in the house between Republicans and Democrats, Assemblywoman Debra Brown (D-Venice) said that "regardless of who's Speaker, there's going to have to be close bipartisan cooperation."

Without collaboration, she said, "nothing will get done, and that's not what regular people want."

In fact, Brown was elevated in 1980 to the Speakership with the help of conservative Republicans. He emerged on top after a protracted fight between two others, Democratic Assemblymen Leo T.

Please see SPEAKER, A17

Willie Brown's Career

Assemblyman Willie Brown (D-San Francisco) has been Speaker of the Assembly for a record 14 years. He is now fighting a serious Republican challenge to retain the post. One of the most colorful and controversial figures in California political history, Brown is generally considered second only to the governor in political power. He is the longest-serving member of the Assembly, his career encompassing parts of four decades. Here is Brown's political career at a glance.

- **Born:** March 20, 1934, in Mineola, Tex. As a boy, shined shoes for dimes and quarters that white customers would throw into spittoons when he was finished.
- **Education:** Bachelor of arts degree in political science from San Francisco State University in 1955, and law doctorate from Hastings College of Law, University of California, in 1958.
- **Occupation:** Attorney.
- **Family:** Separated; three grown children and one grandchild.

POLITICAL CHRONOLOGY

- **1964:** First elected to Assembly from San Francisco.
- **1965:** Named the Legislature's most effective freshman lawmaker.
- **1969:** Begins climb to leadership position with selection as Assembly minority whip.
- **1971:** Appointed chairman of Ways and Means Committee, the youngest in the history of the Legislature and the only African American chairman ever.
- **1972:** Steps onto national stage by way of a fiery nomination speech at the Democratic National Convention that helps clinch presidential nomination for George McGovern.
- **1974:** Makes his first run at Assembly Speaker, but fails after misjudging his supporters' votes. He is criticized privately by one top Democrat for misconduct.
- **1975:** Authors bill that becomes law legalizing all forms of sex acts between consenting adults.
- **1980:** Elected Assembly Speaker, first African American to hold the post, by bringing together a coalition of Republicans and Democrats. Referring to his failure in 1974, Brown says, "Now this little black kid can count."
- **1980-1994:** Expands on fund-raising apparatus initiated by former Assembly Speaker Jesse Unruh and raises unprecedented millions of dollars from special interests for Democratic Assembly campaigns, leading critics to call for campaign finance reform.
- **1985:** Authors law requiring mandatory use of automobile seat belts.
- **1986:** Authors law requiring high school students to maintain a C average to participate in extracurricular activities.
- **1988:** Survives first serious threat to his reign as five rebel Democrats know as the "Gang of Five" join with Republicans in repeated attempts to oust him. He beats back the challenge by persuading a handful of Republicans to support him. Named national chairman of the Rev. Jesse Jackson's presidential campaign.
- **1992:** Becomes part owner of an Oakland radio station.
- **1993:** Successfully mediates labor dispute between teachers and the Los Angeles Unified School District to prevent a strike.
- **1994:** Stars in new television political talk show based in Sacramento that producers hope to syndicate; show is pulled off the air after several weeks because of low ratings. Merges his San Francisco law practice with the Los Angeles law firm of Christensen, White, Miller, Fink & Jacobs.

SPEAKER

Continued from A3

McCarthy of San Francisco, who was Speaker, and Howard A. Berman of Los Angeles. After striking a deal with the Republican leadership, Brown defeated Berman.

Eight years later, Brown beat back a prolonged challenge by five rebel Democrats known as the Gang of Five. Brown again won by seeking out Republicans, courting and persuading a handful not to vote against him.

But the rules of the game changed dramatically in 1990, when voters approved term limits. Political longevity was outlawed and with it much of the carrot-and-stick approach traditionally used by legislative leaders to keep lawmakers in line.

It's now unclear whether Democrats elected under term limits will put up with parliamentary maneuvers to keep Brown in power. They too, after all, are lame ducks. The Capitol is rife with speculation about Brown's plans. In typical Brown fashion when a major political problem is afoot, he has been silent about what he intends to do next.

Some Democrats speculate that he will try to reconvene the old Assembly, where Democrats outnumber Republicans by a 47-33 margin, to change the house rules for his benefit and delay a Speakership vote until next year.

Others suggest that he will pull out an old weapon and strike a deal with one or two Republicans, including Assemblyman Paul Horcher (R-Diamond Bar), getting them to defect from the GOP ranks. Over Republican objections, Brown in the past put Horcher in a key committee vice chairmanship, allowing the maverick Republican to have extra staff and prestige.

As a last-ditch measure to salvage his Speakership, his allies suggest, Brown might propose a power-sharing arrangement with the GOP under which he would remain Speaker but would split the house staff evenly.



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HOUSE

Republicans' Initial Promise: 100-Day Debate on 'Contract'



GOP 'Contract With America'

Speaker-in-waiting Newt Gingrich, R-Ga., has vowed that the House will spend the first 100 days of the 104th Congress voting on bills outlined in the Republican "Contract With America," which most of the newly elected GOP members signed during their campaigns. Gingrich said

this contract extends only so far as a promise to bring each measure to a floor vote under "open" rules that allow unlimited amendments.

Here are the 10 points of the contract and an outlook on their prospects in the House and Senate.

1. Balanced Budget Amendment and Line-Item Veto.

"The Fiscal Responsibility Act: A balanced budget/tax limitation amendment and a legislative line-item veto to restore fiscal responsibility to an out-of-control Congress, requiring them to live under the same budget constraints as families and businesses."

Require the federal budget to be balanced by 2002 or seven years after enactment, whichever is later. The president also would get authority to veto individual line items in a spending bill without vetoing the entire measure.

The first proposal would amend the Constitution to require that the federal budget be balanced every year by fiscal 2002 at the earliest, or the second year after the amendment was ratified by three-fourths of the states. The amendment would include a provision barring tax increases unless they were approved by three-fifths of the full membership of each house. The requirement for a balanced budget could be suspended by a three-fifths vote of the House and Senate, or during time of war or serious national security threat.

A joint resolution to send a balanced-budget amendment to the states would go first to the House Judiciary

Committee, whose likely chairman, Henry J. Hyde, R-Ill., has been a supporter of the proposal. In votes this year, both the House and Senate have fallen slightly short of the two-thirds vote required to adopt a resolution amending the Constitution. The huge influx of new Republicans is expected to tip the margin in favor of the amendment next year. President Clinton has opposed the balanced budget amendment, but such a joint resolution does not require a presidential signature.

Line-item veto. The contract proposes a separate bill to give the president permanent, line-item veto authority, which he could exercise to strike spending items in appropriations bills or targeted tax breaks in tax bills. The vetoed items would be automatically stricken unless a majority of the House and Senate voted within 20 days to disapprove. If the president then vetoed that disapproval, Congress would have to muster a two-thirds vote of both houses to override.

Republicans in both chambers have long supported line-item veto authority for the president. The most formidable obstacle has been Senate Appropriations Chairman Robert C. Byrd, D-W.Va. Although Byrd will have diminished power in a Republican-controlled Senate, he can be expected to filibuster.

Clinton, meanwhile, has supported calls for a line-item veto, a power he wielded as Arkansas governor.

B-2

2. Crime.

"The Taking Back Our Streets Act: An anti-crime package including stronger truth-in-sentencing, 'good faith' exclusionary rule exemptions, effective death penalty provisions, and cuts in social spending from this summer's 'crime' bill to fund prison construction and additional law enforcement to keep people secure in their neighborhoods and kids safe in their schools."

Close so-called loopholes and limit appeals in death penalty cases. Increase appropriations for incarcerating violent felons who have been convicted of violent crimes before.

The House Judiciary Committee would be charged with the GOP pledge to remake the 1994 anti-crime law (PL 103-322) more to conservatives' liking. The proposed changes would include adding new mandatory minimum

sentences, making it easier to impose the death penalty and transferring money from crime prevention to prison construction. These proposals should find eager support from top Republicans on both the House and Senate Judiciary panels.

Democratic leaders are likely to oppose such moves but may find that difficult in light of increasing voter sentiment to get tough on criminals. House Democrats squelched many of these proposals last year on party-line votes in committee and with the help of advantageous rules for floor debate. Without those tools, Democrats will be hard-pressed to block them again. Senate Democrats will have more power to thwart the Republican majority, but the pressure to act will also increase.

The Clinton administration fought hard for the provisions in the crime law and will almost certainly resist major changes. But, like congressional Democrats, the administration may not want to aggressively oppose crimefighting measures that appeal to the public.

3. Welfare.

"The Personal Responsibility Act: Discourage illegitimacy and teen pregnancy by prohibiting welfare to minor mothers and denying increased AFDC for additional children while on welfare, cut spending for welfare programs, and enact a tough two-years-and-out provision with work requirements."

Cut off benefits under the main federal-state welfare program, Aid to Families with Dependent Children (AFDC), after two years and require recipients to report the identity of a child's father before collecting benefits.

The contract's welfare proposal was the last and most nettlesome plank for Republicans to agree on. The drafters eventually struck a balance between moderates who proposed requiring welfare recipients to work for their benefits (HR 3500) and conservatives who focused on denying any cash benefits to young mothers (S 2134, HR 4473).

One compromise: Prohibit AFDC benefits to children born to unwed mothers under age 18, while giving states the option to extend the prohibition to those under age 21. The bill would also cap the spending growth of several welfare programs, while consolidating 10 nutrition programs, including food stamps, into a discretionary block grant to the states.

The bill in the GOP contract is considerably tougher than one suggested by President Clinton (S 2224, HR 4605), which would generally require young mothers to work within two years of receiving AFDC. The outlook for the GOP bill, then, is muddled. In its present form, the proposal is likely to meet resistance from most House Democrats and some Republican moderates in the Senate, as well as from Clinton.

The bill is likely to start in the House Ways and Means Committee and its Human Resources Subcommittee. However, it will probably also be referred to several other committees, including the Education and Labor Committee and the Agriculture Committee.

4. Children.

"The Family Reinforcement Act: Child support enforcement, tax incentives for adoption, strengthening rights of parents in their children's education, stronger child pornography laws, and an elderly dependent care tax credit to reinforce the central role of families in American society."

Set up a nationwide tracking system to find parents who fail to make child support payments, and establish school voucher programs. The measure also would strengthen laws against child pornography and establish a tax credit for people who care for elderly relatives.

Several House committees would have jurisdiction over the initiative, including Education and Labor, Judiciary, and Ways and Means, and many of the provisions are likely to be well received by newly installed GOP committee chairmen eager to show their gratitude to presumptive House Speaker Newt Gingrich, R-Ga.

However, school voucher programs, long pushed by Republicans eager to give parents a choice in sending children to public or private schools, will find a vocal opponent in Bill Goodling, the Pennsylvania Republican (and former public school administrator) who is expected to become chairman of the House Education and Labor Committee.

Prospects in the Senate for such a broad initiative also appear to be good.

5. Middle-Class Tax Cut.

"The American Dream Restoration Act: A \$500 per child tax credit, begin repeal of the marriage tax penalty, and creation of American Dream Savings Accounts to provide middle class tax relief."

A Republican-sponsored tax bill would:

- Give an additional \$500 per child tax credit to families earning up to \$200,000 a year. Republican staff estimates that the proposal would cost \$107 billion over five years.

- Create a tax credit to ameliorate the effect of the so-called marriage penalty, which often results in married couples paying higher income taxes than unmarried people living together.

- Permit individual retirement accounts (IRAs), which would require individuals to pay income tax when they put the money into the savings account but not on the interest upon withdrawal.

The Ways and Means Committee will initiate the legislation, which incoming Chairman Bill Archer, R-Texas, strongly supports. However, Ways and Means Republicans will have to make cuts in existing programs over which they have jurisdiction in order to pay for the proposals, or else change existing budget rules. Archer would like to force other committees to make program cuts to pay for the tax breaks.

Democrats may support the tax credit for children, but the IRA proposal and the marriage penalty phase-out will be dicier. Conservative Democrats will likely be the GOP's closest allies on the IRA proposal, but because it drains the Treasury over the long term, deficit hawks will likely be leery.

In the Senate, expect close scrutiny of all tax cut proposals for their impact on the deficit. GOP leader Bob Dole, R-Kan., made no commitments to bring up or support tax-cut proposals in his post-election news conference. A number of Senate Republicans, including Dole and incoming Budget Chairman Pete V. Domenici, R-N.M., are confirmed deficit hawks and want to channel all savings toward reducing the deficit.

6. National Security.

"The National Security Restoration Act: No U.S. troops under U.N. command and restoration of the essential parts of our national security funding to strengthen our national defense and maintain our credibility around the world."

Restrict the United Nations' ability to command U.S. troops and restore discretionary budget "firewalls" that separate defense, domestic and international spending.

The proposal on U.N. command is partly a response to last year's peacekeeping debacle in Somalia, where 18 U.S. Army Rangers were killed in a botched raid on the headquarters of a local warlord. But while the doomed U.S. forces were ostensibly carrying out a U.N. mission, they were actually under the Pentagon's command.

If enacted, this section of the GOP contract would

prevent the administration from implementing its plan to deploy troops to the proposed U.N. force in Haiti. That force is supposed to replace the U.S.-led contingent that Clinton dispatched to Haiti in September.

The idea of requiring U.S. commanders for U.S. troops undoubtedly has broad appeal in Congress. The administration staunchly opposes the proposal, arguing that it would infringe upon the president's responsibilities as commander in chief. It could run into rough sledding, as well, among members of the Armed Services Committee, many of whom support broad presidential discretion to deploy troops abroad.

The contract is vague on how "restoration" of defense funding would be accomplished. According to the cost estimates provided with the contract, the nation's defenses can be bolstered at no cost. That suggests that the authors of the plan relied heavily from proposals offered by conservatives on the Armed Services Committee over the past two years for eliminating spending for "non-traditional" programs like defense conversion and U.N. peacekeeping assessments.

7. Senior Citizens.

"The Senior Citizens Fairness Act: Raise the Social Security earnings limit which currently forces seniors out of the work force, repeal the 1993 tax hikes on Social Security benefits and provide tax incentives for private long-term care insurance to let Older Americans keep more of what they have earned over the years."

Tax cuts for senior citizens would:

- Repeal the Clinton administration's requirement that senior citizens who earn more than \$34,000 (single) or \$44,000 (couple) pay income tax on 85 percent of their social security benefits.

- Increase the amount that senior citizens can

earn from \$11,160 to \$30,000 without having their social security benefits decreased.

- Help seniors purchase long term care by allowing tax-free withdrawals from IRAs, 401(K) plans and other qualified pension plans for the purchase of long-term care insurance.

The tax incentives to help senior citizens will also move through the Ways and Means Committee, where they will get strong support from Republicans and probably opposition from Democrats, especially because most of the proposals could exacerbate the deficit.

A compromise might be possible on allowing seniors to earn more money without losing their Social Security benefits. But several Republicans have other proposals that

would directly benefit either long-term care insurers or the nursing home industry, which already is sustained in large part by government spending through Medicaid, the health insurance program for the poor. Democrats will likely be uncomfortable channeling money to those interests.

Senate Republicans could also be leery of these proposals' effect on the deficit, although they are likely to feel pressure to endorse the repeal of the tax on wealthy Social Security recipients, if only to prove that they do not believe in cutting Social Security.

8. Capital Gains.

"The Job Creation and Wage Enhancement Act: Small business incentives, capital gains cut and indexation, neutral cost recovery, risk assessment/cost-benefit analysis, strengthening the Regulatory Flexibility Act and unfunded mandate reform to create jobs and raise worker wages."

The capital gains tax cut would:

- Reduce by 50 percent the capital gains tax — the tax on profits from the sale of assets such as stocks, bonds, art and rare coin.

- Allow taxpayers to adjust the purchase price of an asset for inflation that occurs after the effective date of the law, thus reducing the total capital gain and the tax on it. Republican staff estimates the proposal costs at \$56 billion over five years.

The capital gains tax cut will be a divisive proposal for the Ways and Means Committee, although it is likely to win approval there, especially because it is a favorite of presumptive Chairman Archer. Mainstream Democrats oppose the tax cut because they believe it mainly benefits the very wealthy and large businesses.

Small business groups also are skeptical of it, viewing it as a giveaway to Wall Street that does little for their Mainstreet interests and leaves less money in the pot for tax breaks that they favor.

The Republican Senate is likely to support a cut in the capital gains tax, at least at the committee level, where it is strongly supported by Bob Packwood, R-Ore., who is slated to take over the Finance Committee. But Clinton is likely to oppose it: two of his top advisers, Chief of Staff Leon Panetta and Treasury Secretary Lloyd Bentsen, are both strong opponents of a capital gains cut.

9. Legal Reforms/Product Liability.

"The Common Sense Legal Reform Act: 'Loser pays' laws, reasonable limits on punitive damages and reform of product liability laws to stem the endless tide of litigation."

Allow judges to require losers in lawsuits to pay the lawyers' fees of both sides. Limit the amount of non-economic and "punitive" damage awards that juries can impose in product liability and medical malpractice lawsuits.

Proposals to reduce the large amount of civil litigation have long been a part of the GOP's wish list. Republicans say that the large number of lawsuits filed each year are driving up insurance costs and hobbling businesses. Thus the "loser pays" rule would allow judges to require someone who brings a lawsuit and loses to pay the reasonable legal costs borne by the defendant. The contract also

proposes limits on punitive damages, which are awarded in addition to compensatory damages and are intended to punish a negligent defendant. Punitive damages can significantly drive up total damage awards.

The next likely chairman of the House Judiciary Committee, Henry J. Hyde, R-Ill., has traditionally supported standards aimed at reducing the cost and frequency of litigation. He is expected to try to push a Republican proposal through the committee and onto the floor.

But many Democrats oppose a wholesale overhaul of the current system, arguing that GOP changes will effectively prohibit all but the wealthy from suing if they are injured. Behind this view are the trial lawyers, who form one of the most powerful lobbies on Capitol Hill.

In the Senate, Hyde's likely counterpart on the Judiciary Committee, Orrin G. Hatch, R-Utah, is also expected to support a GOP litigation reform measure. But President Clinton is more likely to share the views of congressional Democrats and could veto any substantial overhaul bill.

10. Congressional Term Limits.

"The Citizen Legislature Act: A first-ever vote on term limits to replace career politicians with citizen legislators."

Limit House members to six years (an alternative plan allows 12) and senators to 12 years.

A joint resolution to amend the Constitution with a set limit on congressional terms would begin in the House Judiciary Committee. While there is mixed enthusiasm for such a measure among top Republicans on those panels, it

is unlikely they would seek to bottle up the measure in committee, and term limits advocates are optimistic it will reach the floor in both chambers.

Support for term limits is stronger among Republicans than Democrats. But there is considerable division on the issue even among Republicans. Some GOP lawmakers oppose term limits while others support versions that are not sufficiently stringent to satisfy term limits activists. Those who signed the Contract With America committed themselves to bringing the matter up for a floor vote, but not necessarily to supporting the measure itself.

